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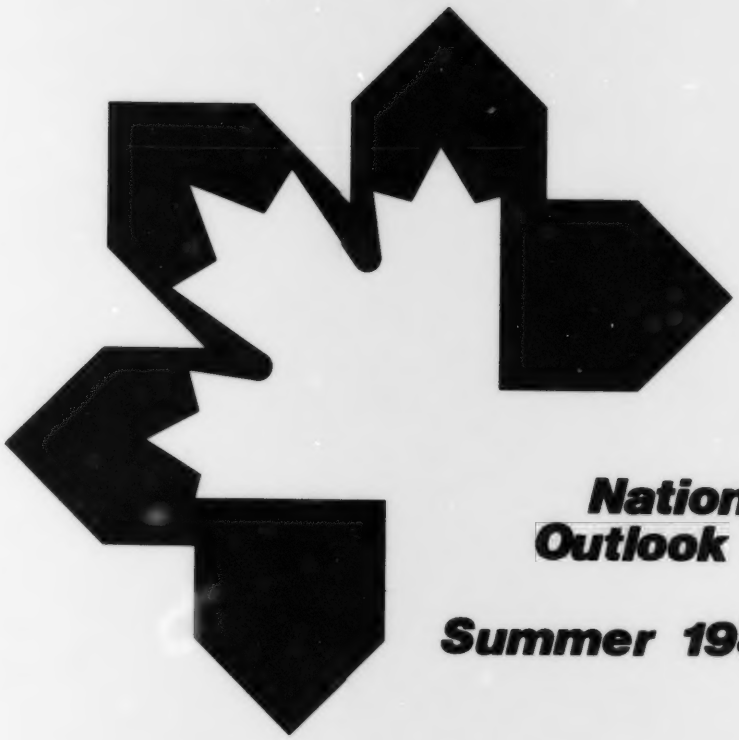

National Housing Outlook

Summer 1989

Canada

Helping to house Canadians

NATIONAL HOUSING OUTLOOK SUMMER, 1989

MARKET ANALYSIS CENTRE
CANADA MORTGAGE AND HOUSING CORPORATION

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NATIONAL HOUSING OUTLOOK
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EXECUTIVE SUMMARY

National

Residential construction in Canada is forecast to remain strong during 1989 and 1990 as total starts reach 199,000 units and 195,000 units respectively. A shift in economic, and consequently housing market activity, from central Canada to the western provinces, principally British Columbia and Alberta, a projected decline in mortgage rates throughout the remainder of 1989 and 1990, and increased levels of net migration will continue to support an overall high level of activity during this period.

Sales of existing units are forecast to decline by 4.0 percent to 306,000 units in 1989 but will increase to 323,000 units in 1990. Despite a drop in Ontario, strong gains in British Columbia as well as increases in Alberta and Quebec will support the overall level of activity in 1989. Gains in most provinces next year will contribute to the increase in 1990.

Newfoundland

Counter to the national trend, total housing starts in Newfoundland will continue to increase during 1989 before declining slightly in 1990. Strong employment gains plus an improvement in total net migration will contribute to the higher level of activity in both years. The Hibernia project will be a key factor stimulating activity, particularly in 1990, as the preproduction phase commences. Total starts are forecast to increase from 3,168 units in 1988 to 3,500 units in 1989 and 3,450 units in 1990.

Prince Edward Island

Slower economic and employment growth as well as a decline in total net migration will result in a lower level of housing starts in 1989 and 1990. Although multiple unit starts will be supported by an increase in socially assisted units, a drop in single-detached units will result in a decline to 1,000 units in 1989 from 1,151 units in 1988. Starts will remain unchanged at 1,000 units in 1990.

Nova Scotia

A further deterioration in total net migration along with weak economic and employment growth will contribute to lower housing starts in 1989 and 1990. Total starts will continue to remain weak falling from 5,478 starts in 1988 to 4,900 units in 1989 and 4,100 units in 1990. A drop in single-detached starts will lead the decline. Multiple unit starts will

increase in 1989, as a result of higher levels of private and assisted rental unit starts, but will decline in 1990.

New Brunswick

Similar to most other Atlantic provinces, slower economic growth will result in a decline in housing demand in 1989 and 1990. Total starts will decline over the forecast horizon as a result of the moderating economy and high interest rates in the first half of 1989. The decline will be tempered by an improvement in total net migration. Total starts will decline from 3,621 units in 1988 to 3,450 units in 1989 and 3,100 units in 1990. Multiple unit starts, which will lead the decline, will fall due to a soft rental market that is characterized by low market rents.

Quebec

Following three years of very strong growth, total housing starts are forecast to decline sharply to 42,500 units in 1989 before edging up slightly to 43,000 units in 1990. High inventories and vacancy rates and rising interest rates during the first half of the year will contribute to the lower level of activity in 1989. However, the single-detached market will be poised for a recovery by the spring of 1990 due to an improvement in total net migration, a drop in interest rates and a reduction of the stock of unsold units. Multiple unit starts will not recover until the fall of 1990 as investors are expected to be slow to react due to high vacancy rates and modest gains in rents during the past two years. This segment of the market will gradually return to a balanced state with an average vacancy rate in the range of 3.0 percent by the end of 1990.

Ontario

Total housing starts will decline from 99,924 units in 1988 to 89,600 units in 1989 and 80,800 in 1990 due to slower economic growth and a lower level of total net migration. A fall in single-detached starts due to reduced affordability as a result of high interest rates and prices will be the major factor contributing to the lower level of activity in 1989. Multiples will continue to remain fairly strong buoyed by provincial housing programs. Both single-detached and multiple unit starts will contribute to the further decline in 1990. Multiples will drop due to a decline in condominium starts as the industry adjusts to oversupply in the upper price ranges.

Manitoba

High levels of net outmigration, in response to weak economic and employment growth in 1988, as well as overbuilding in 1987 and early 1988, are the key factors contributing to substantially lower levels of housing starts over the forecast horizon. Multiple unit starts will lead the decline falling by 40 percent in 1990. Total starts will fall 28 percent to 3,900 units in 1989 but will recover partially to 4,400 units in 1990 as the benefits of the recovery in the agricultural sector and lower interest rates begin to take effect.

Saskatchewan

Similar to Manitoba, housing starts will fall in 1989 but improve somewhat in 1990 as a recovery in agricultural production leading to improved income and employment growth and reduced net outmigration contribute to stronger demand in the Saskatchewan housing market. High vacancy rates will result in a sharp fall in multiple unit starts in 1989 and will limit gains in this segment of the market in 1990.

Alberta

In contrast to the national trend, housing starts will continue to increase during 1989 and 1990. Solid growth in employment, population and income will strengthen the demand for housing while reduced inventories and vacancy rates as well as stronger price gains will provide a positive impetus for the supply of units. Total starts are projected to increase from 11,360 units in 1988 to 12,500 units in 1989 and 13,500 units in 1990.

British Columbia

Fueled by high migration, continued economic growth and a decline in interest rates in the second half of 1989, as well as low vacancy rates, strong price gains and higher rents, total starts will continue to rise during 1989 and 1990. Most of the increase over the forecast horizon will be due to strong gains in multiples which will be driven by higher condominium and market rental starts. Total starts will increase from 30,487 units in 1988 to 34,500 units in 1989 and 37,900 units in 1990.

Canada

Housing Market Review - First Half 1989

After a high level of activity in 1988, the housing market in Canada began to cool off in the first half of 1989. Rising mortgage rates, slower economic growth and declining consumer confidence contributed to a slowdown in overall activity by the second quarter of 1989.

Mortgage rates rose sharply during the first four months of 1989. One-year rates jumped by one-and-a-half percentage points to 13.50 percent by April, while five-year rates edged up one-half percentage point to 12.75 percent during the same period. During May, rates on one-and five-year mortgages began to decline in line with the downward trend in market rates and by the end of June were three-quarters of a percentage point below the April peak.

The rise in interest rates also began to slow other sectors of the economy besides housing. The impact was most pronounced for consumer durables such as automobiles, and began to have a dampening effect on consumer and investor confidence. These and other factors contributed to a substantial slowdown in new construction and resale activity by the beginning of the second quarter.

After climbing to 230,000 starts at a seasonally adjusted annual rate (SAAR) in the fourth quarter of 1988, total starts edged down slightly to 226,000 units during the first quarter of 1989 and then fell to 208,000 units SAAR in the second quarter.

During the first six months, actual starts declined 2.0 percent from the same period last year. A 4.0 percent increase in single-detached units moderated the decline of 8.4 percent in multiples. On a province by province basis, gains in total starts in British Columbia, Alberta and Ontario were offset by declines in most of the remaining provinces.

The strength in starts in the first quarter came mainly from the large number of condominium units presold during the end of 1988. Homebuyers purchasing early to avoid expected higher interest rates and house prices also influenced these figures. The impact of the higher interest rates began to show up in the second quarter with both singles and multiples experiencing weaker activity. The decline was led by multiple-unit starts which fell 11.3 percent from the first quarter. Single-detached starts were less affected, falling by a more modest 5.4 percent from first quarter levels.

Ontario, Quebec, Manitoba, Saskatchewan and P.E.I. recorded declines in multiples with the largest decrease occurring in Manitoba and

Saskatchewan. Although the drop was widespread, a fall of 24.5 percent (3949 units) in Quebec accounted for most of the decline.

Gains in British Columbia (24.1 percent), Alberta (18.9 percent) and Ontario (12.6 percent) contributed to the increase in single-detached starts.

1989-90 Outlook

Economy

After six years of strong growth the Canadian economy is expected to slow throughout 1989 and 1990. Signs that it is approaching the end of the current expansion are becoming more apparent: high levels of capacity utilization, relatively low unemployment rates, increasing inflationary pressures and short-term interest rates higher than long-term rates. Other signs that the economy is beginning to slow are reflected in a weakening of consumer spending, particularly in interest-sensitive sectors such as housing and consumer durables.

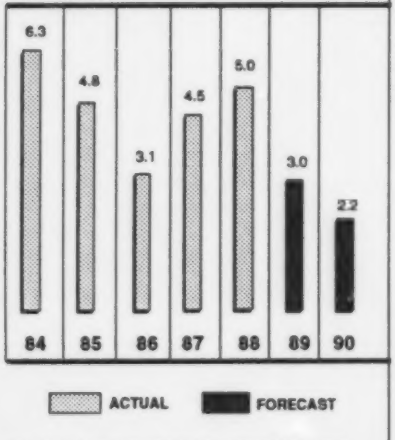
A slowdown, not a recession, is forecast throughout the remainder of 1989 and 1990. Strong growth in the western provinces as well as continued momentum in central Canada will contribute to sustained, albeit slower, growth in 1989. In 1990, overall growth will again be supported by solid gains in the western provinces, but the Ontario and Quebec economies will slow during this period.

Economic growth is forecast to decline from 5.0 percent in 1988 to 3.0 percent in 1989 and 2.2 percent in 1990. The slowdown will be widespread with weaker growth expected in most components of aggregate demand.

High real and nominal interest rates, lower confidence, higher taxes, a low savings rate and weak income growth are expected to contribute to a slowdown in consumer spending throughout the remainder of this year and next.

Investment expenditure will continue to remain strong throughout 1989, although it is expected to slow from the large gains made in 1987 and 1988. High capacity utilization, strong profit growth, and modernization and rationalization are expected to sustain investment in this category in 1989. However, weaker demand, higher taxes and increased uncertainty will contribute to a further slowdown in spending in this category in 1990.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
CANADA



SOURCE: CONFERENCE BOARD. FORECAST:CMHC.

Despite the slowdown, investment expenditure will lead growth over the next two years.

Because of the latest federal budget measures, government spending on goods and services is also forecast to slow in 1989 and 1990 growing, on average, at approximately half the rate experienced in 1988.

Net exports will also contribute to the slowdown as export demand weakens along with the U.S. economy. The weaker export demand is expected to contribute to a further deterioration in the trade balance, particularly in 1989.

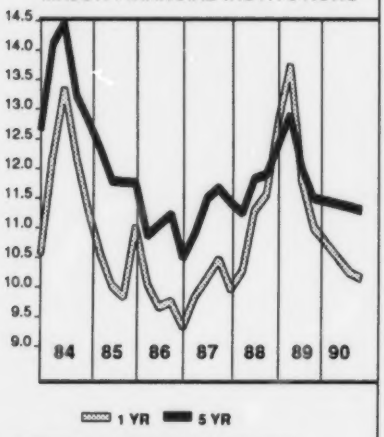
While import growth is also expected to slow down as the domestic economy weakens, it will be supported by continued demand for machinery and equipment as Canadian industry continues to modernize and rationalize in response to free trade with the U.S.

Although the forecast calls for a slowdown, the risk of a recession has increased during the past four months. Monetary policy is already beginning to have an impact as indicated by the decline in consumer confidence, weakness in retail sales and the drop in resale and new construction activity. There is a possibility that the combination of high interest rates and the latest increase in taxes will lead to one or two quarters of flat or negative growth during the latter part of 1989 or early 1990.

Along with the slowdown in the economy, employment growth is expected to weaken throughout the remainder of this year and next. Similar to other trends in the economy, overall employment growth will be supported by strong gains in western Canada, despite a slowdown in job creation in central Canada. Employment growth is expected to slow from 3.2 percent in 1988 to 1.9 percent in 1989 and 1.3 percent in 1990. The unemployment rate is expected to average 7.8 percent this year, unchanged from 1988, but will increase to over 8.0 percent in 1990.

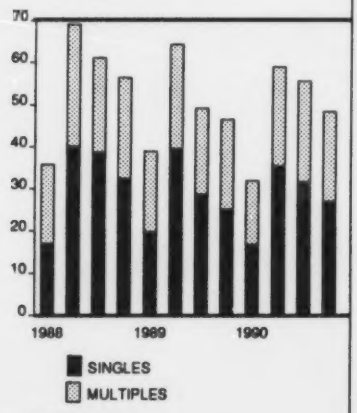
Inflation will be a key factor in the economic outlook for this year and next. A buildup in inflationary pressures has recently occured as reflected in a widespread increase in raw material, producer and consumer prices, in both the U.S. and Canada. As a result, the consumer price index is forecast to rise by 4.8 percent in 1989 and 4.6 percent in 1990. The slowdown in economic growth will have a moderating influence on the price increases that will begin to show up in the latter part of 1989 and 1990.

MORTGAGE RATES
PERCENT
MAJOR FINANCIAL INSTITUTIONS



SOURCE: BANK OF CANADA REVIEW; CMHC.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
CANADA



SOURCE: CMHC.

Interest rates will follow the trend in economic growth and inflation. After peaking in the second quarter of 1989, they are expected to trend down throughout the second half of 1989 and 1990 in response to weaker economic growth and an easing of inflationary pressures. There are already signs that interest rates are moderating in response to slower growth in the economy. Despite the current evidence of a downward pressure on rates, the Bank of Canada is not expected to give up the inflation fight and, while interest rates are expected to decline over the forecast horizon, concerns over inflationary pressures are expected to moderate the decrease.

Mortgage Rates

Mortgage rates, like other interest rates, are projected to decline throughout the remainder of this year. One-year mortgage rates are expected to decline by approximately 2 percentage points to 11.00 percent by year end, while five-year rates will decline by approximately one-half of a percentage point to 11.50. This will restore the spread between one and five-year rates to its normal shape, with five-year rates exceeding one-year rates by the second half of 1989. Mortgage interest rates will continue this downward trend throughout 1990 with one-year rates declining by about three-quarters of a percentage point and five-year rates by a more modest quarter of a basis point.

Housing Market

Although housing market activity is expected to decline from the high level of activity recorded in 1988, total starts are expected to remain strong in 1989 and 1990. A shift in economic and consequently housing market activity from central Canada to the western provinces, principally British Columbia and Alberta, a projected decline in mortgage rates throughout the remainder of 1989 and 1990, and increased levels of net migration will continue to support an overall high level of activity during this period. Additionally, although housing activity will moderate in Ontario, low vacancy rates and inventories as well as higher levels of assisted rental housing units will limit the magnitude of the decline.

In addition to the preceding factors, a high level of activity during the first half of the year will contribute to another good year for new construction in 1989. The total number of starts is expected to be 199,000 units in 1989, down 11.0 percent from 1988. This is a slight revision from

the previous forecast of 201,000 units and reflects an adjustment to the provincial outlook. Starts of both singles and multiples will fall in 1989, singles to 113,000 units (a 13.0 percent decline), and multiples by a more modest 8.0 percent (to 86,000 units). Higher starts in British Columbia and Alberta as well as continued strength in Ontario will contribute to the overall level of activity.

Although activity is expected to trend down throughout the rest of 1989, in response to reduced confidence and weaker income growth, the expected drop in mortgage rates will limit the magnitude of the decline.

New construction will continue to trend down throughout 1990 because of slower employment and income growth and reduced confidence. In addition, more moderate price gains, increased taxes and levies in certain provinces will reduce builder profitability and contribute to a lower supply of units. The downturn caused by these factors will be offset by the decline in mortgage rates which will increase affordability and improve access to housing, particularly for first time homebuyers. As a result CMHC is forecasting 195,000 starts for 1990, a decline of 2.0 percent from 1989.

On a regional basis, continued gains throughout 1989 and 1990 in British Columbia and Alberta and a modest recovery in Saskatchewan and Manitoba in 1990 will support the total level of activity throughout the forecast horizon. This support will be offset by declines in Ontario and Quebec, a trend that is in contrast to the experience of the past five years, when Ontario and Quebec recorded strong performances while the western provinces, particularly British Columbia and Alberta were slow to recover from the 1981/82 recession. A shift in regional economic performance and interprovincial migration flows as well as government housing programs will contribute to improvement in the western provinces.

The overall level of activity during this period will be supported by various factors. The underlying housing requirements, estimated to exceed 200,000 units on an average annual basis, will be fueled by further increases in net international migration in 1989 and 1990. Regional shifts in interprovincial migration will also help improve the level of activity in some provinces, particularly British Columbia and Alberta.

Declining mortgage rates throughout the latter half of 1989 and 1990, in addition to more moderate price gains will improve affordability and hence provide further support for housing demand during this period. Based upon a 10.0 percent downpayment, a one percent decrease in interest rates at

1989 prices would mean that an estimated 101,000 additional renter households could afford to purchase a home. If a 20 percent downpayment is assumed, a one percent decline in interest rates would increase access to the market for almost 150,000 potential first-time buyers.

In contrast, a number of factors will have a dampening affect on the level of housing starts in some provinces throughout this period, including slower employment and income growth, reduced consumer and investor confidence, higher property and land transfer taxes, increased lot levies and increased taxes on building materials. These factors will have a negative impact on effective demand and builders' profitability. Offsetting these factors in some markets will be continued strong price gains, low vacancy rates and inventories, and shortages in some segments of the market.

Sales of existing units are forecast to decline by 4.0 percent to 306,000 units in 1989 but, responding to the decline in mortgage rates, sales will rebound in 1990, increasing by 6.0 percent to 323,000 units. Despite a drop in the sales of existing units in Ontario, continued gains in British Columbia, Alberta and Quebec will support the overall level of activity in 1989. An increase in most provinces will contribute to the higher level of existing sales in 1990. British Columbia, at 22.0 percent and 19.0 percent respectively, will lead price gains in 1989 and 1990, followed by Ontario and Alberta. Price increases will remain below 5.0 percent in most of the other provinces as weak demand and excess supply limit price gains.

The pattern of vacancy rates throughout the second half of 1989 and in 1990 will differ from the trends experienced during the past few years. A lower level of multiple-unit starts in Quebec during 1989 and 1990 will contribute to a decline in vacancy rates throughout most metropolitan areas in Quebec during this period. Similarly, high demand from strong net migration and employment gains will bring lower vacancies in British Columbia while in the Prairie provinces limited private rental construction will place downward pressure on vacancy rates there. In contrast, rates in Ontario will increase modestly as economic growth and net migration slows and the supply of rental units, particularly socially assisted units increases. Vacancy rates in the Atlantic provinces will remain largely unchanged during the remainder of 1989 and 1990.

Overall, despite higher interest rates in the first half of 1989 and weaker economic growth over the forecast horizon, the level of new house construction will remain close to 200,000 units over both years, in line with

the estimated underlying housing demand over this period. Although there will be downward pressure on the level of starts during this period, the decline will be moderate. The economic environment is very different from the last economic and housing market decline in 1981 and 1982. Nominal interest rates will remain substantially below the levels recorded in the 1981/82 recession and while the risk of a recession exists, if one occurs it will most likely be mild and not anywhere near the magnitude of 1981/82. Thus the housing market is not expected to experience a sharp drop in activity in 1989 and 1990.

Newfoundland

Housing Market Review - First Half 1989

The strength in residential construction evident in 1988 has continued into the first half of 1989. The new housing market has been sustained by strong employment growth throughout Newfoundland in 1988. Total starts increased 21.0 percent to 1,508 units during the first half of 1989, from 1,242 units during the same period last year. Single-detached starts were up 12.0 percent to 1,219 units while multiple starts advanced 88.0 percent to 289 units. The sharp increase in multiple starts reflects to some extent a carry-over of federal-provincial assisted housing committed in 1988.

Following a year of record sales in 1988, the resale market in the St. John's CMA slowed in the first half of 1989. MLS sales volumes declined 3.6 percent to 758 units. A limited supply of listings has served to keep prices high, and the average sales price is up 7.8 percent to $79,988 from the same period last year. In Central Newfoundland, total MLS sales were 47 units in the first half of 1989, with an average sale price of $82,015. In total, MLS sales for Newfoundland were 805 units, down 2.3 percent from the first half of 1988.

The rental market in the St. John's CMA continued to be oversupplied in the first half of 1989. A significant improvement in the market was recorded in April as the vacancy rate for privately initiated apartment structures containing six or more units declined to 7.7 percent from 10.8 percent a year earlier.

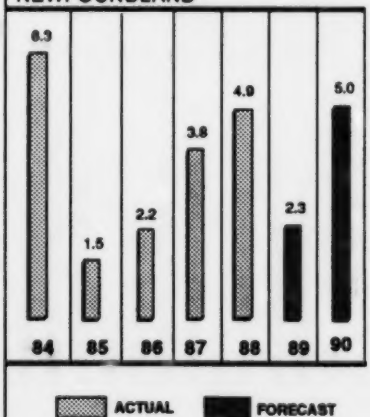
1989-90 Outlook

Economy

Economic growth in the province is expected to slow in 1989. Real Gross Domestic Product, which grew by 4.9 percent in 1988 is expected to fall to 2.3 percent this year reflecting weakness in the fishery sector and slower growth in the service sector. Economic growth in 1988 was led by the three major resource sectors and declines were recorded only in non-residential construction output. The pace of economic expansion is forecast to accelerate to 5.0 percent in 1990 pending start-up of construction activities related to the pre-production phase of the $5.2 billion Hibernia Development project.

After a very successful 1988, the fishing industry is expected to be severely affected by quota reductions under the Groundfish Management

REAL GROSS DOMESTIC PRODUCT
% CHANGE
NEWFOUNDLAND



SOURCE: CONFERENCE BOARD. FORECAST:CMHC.

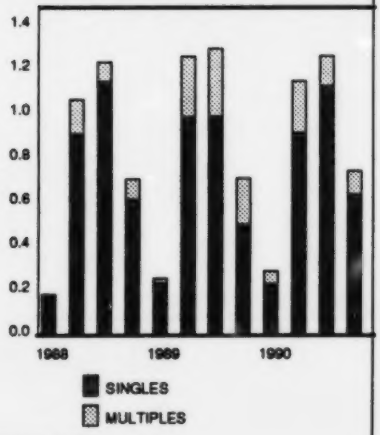
Plan and further possible cuts in the total allowable catch of the northern cod stock. Both the major fish companies have announced downtime at their plants for 1989 ranging from 9 to 17 weeks in addition to the 10 weeks lost through strike action in the first quarter. With further quota reductions expected by the industry, additional downtime and layoffs are forecast for 1990. While the forest products sector is expected to continue to advance, growth will be limited by an easing in demand. Following exceptional growth in mining output last year of 19.0 percent, metal mining production is forecast to slow to approximately 3.0 percent in 1989 and 1.0 percent in 1990. Much of the growth in metal mining will come from increased gold production. After a strong performance in 1988, growth in manufacturing output is forecast to slow in the 1989-90 period, mainly as a result of the expected decline in fisheries activity.

The pre-production phase of the Hibernia Development project is scheduled for 1990 with production to start in 1995. An agreement to proceed with the development will result in significant non-residential investment associated with the project and serve to bolster economic growth in the Province during 1990. A redesign of the project to improve cost-effectiveness, an expected reduction in associated job creation levels, and completion of financing arrangements represent significant risks to project start-up. A delay in project start-up will have a significant negative impact on the forecast of economic growth in 1990.

High interest rates during the first half of 1989 will slow consumer spending and limit service-sector growth. Following solid gains in 1988, employment growth is forecast at 3.1 percent in 1989 and 3.0 percent in 1990. Declines in fishing output and limited service-sector growth will slow down employment growth in both 1989 and 1990 although construction activities associated with the Hibernia project will bolster employment in 1990.

Total net-migration is forecast to remain negative at minus 2,000 in 1989, substantially unchanged from the 1988 level. Total net-migration is expected to show improvement in 1990 to minus 1,500, pending start-up of the Hibernia project.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
NEWFOUNDLAND



SOURCE: CMHC.

Housing Market

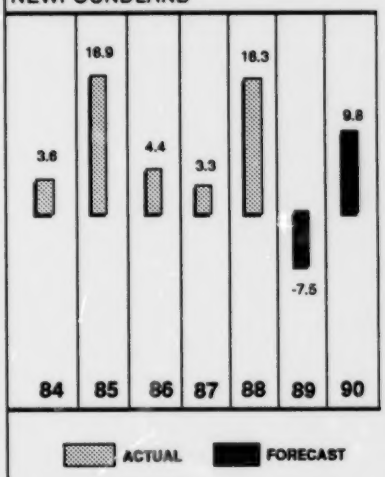
Counter to the national trend, total housing starts in Newfoundland will continue to rise in 1989. Total starts are expected to increase 10.5 percent

to 3,500 in 1989 and then decline by 1.4 percent to 3,450 in 1990. Single-detached units are forecast to decline by 4.9 percent to 2,700 units in 1989 as a result of high interest rates and declines in fisheries output, but rise to 2,900 units in 1990 pending start-up of the Hibernia project. Multiple unit starts will advance by 143.0 percent to 800 units in 1989, but decline to 550 units in 1990. Assisted multiple starts are expected to reach 335 units in 1989 and 270 units in 1990. Market rental, condominium, and single-detached units with basement apartments (duplex units) will account for the balance. Private investment in market rental construction is expected in selected urban centres outside the St.John's CMA.

High mortgage interest rates in the first three-quarters of the year coupled with a return to more normal sales patterns will limit MLS sales volumes in 1989. Total sales in St.John's are forecast to decline 8.5 percent to 1,950 units in 1989 and increase 10.3 percent to 2,150 units in 1990. In Central Newfoundland, 100 sales are forecast in both 1989 and 1990 with the average sales price expected to keep pace with inflation. In total, MLS sales in Newfoundland are forecast to decline 7.5 percent to 2,050 units in 1989 and increase 9.8 percent to 2,250 units in 1990. Average MLS house prices are forecast to advance by 7.0 and 5.0 percent respectively, in 1989 and 1990.

Strong demand for homeownership, an ongoing supply of new basement apartments and outmigration are viewed as the principal factors contributing to the weakness in the St. John's CMA rental market. Vacancy rates, while expected to trend downward will remain high throughout the forecast period, ranging between 6.0 and 8.0 percent.

RESIDENTIAL MLS SALES
% CHANGE
NEWFOUNDLAND



SOURCE: CREA. FORECAST:CMHC.

Prince Edward Island

Housing Market Review - First Half 1989

Following an exceptional year in 1988, residential construction activity in Prince Edward Island slowed considerably in the first half of 1989. Starts fell by 25.0 percent, to 403 compared to 534 in the first half of 1988. Single-detached starts fell by 23.0 percent, to 258 units and multiples fell by 27.0 percent to 145 units. During January to June, 274 homes were sold through MLS, 73.0 percent greater than in the first half of 1988. In large measure, this reflects an increased MLS share of sales, as agents and homeowners take advantage of an improved catalogue system. The average residential MLS price rose by 12.0 percent to $73,522 during January to June 1989.

Economic indicators were very positive during late 1988 and early 1989 and point to a high level of potential demand for homeownership. Starts of singles fell short of this potential in the first half because rising mortgage rates and sharp house price increases have combined in the past year to significantly reduce affordability. The deferral of home buying resulted in a modest drop in the vacancy rate for privately initiated rental housing, to 4.0 percent in April 1989 compared to 4.9 percent in April 1988. Multiple-unit starts fell in the first half as potential investors waited for reduced mortgage rates and completion of the large under-construction inventory.

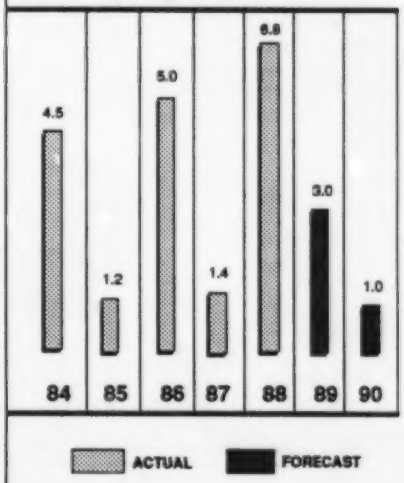
1989-90 Outlook

Economy

The Island economy is expected to grow at 3.0 percent in 1989, compared to the phenomenal 6.8 percent growth seen in 1988. Employment is forecast to increase by 1,700 jobs (3.2 percent) to 55,000. Net migration this year will continue to be positive. In 1988 it was 740. Good performances in the lobster fishing industry and in potato farming in 1988 will support strong growth in consumer spending through most of 1989, in spite of high interest rates. In addition, tourism will continue to expand. Non-residential construction, including work on facilities for the 1991 Canada Winter Games, will grow considerably this year, more than offsetting the anticipated decline in residential construction.

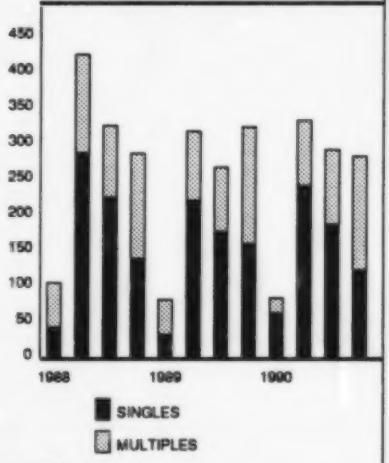
For 1990, growth is expected to be minimal, at one percent. Employment growth will also slow, to 0.5 percent (300 jobs). Net migration will fall to 200. The agricultural and fishing sectors are unlikely to continue to grow at

REAL GROSS DOMESTIC PRODUCT
% CHANGE
PRINCE EDWARD ISLAND



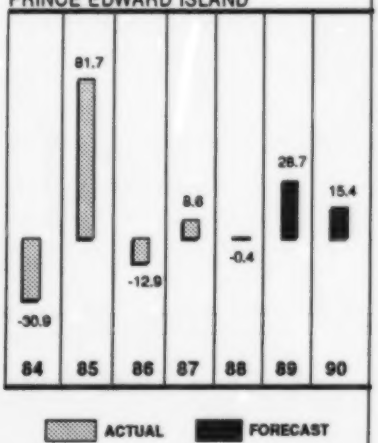
SOURCE: CONFERENCE BOARD. FORECAST:CMHC.

HOUSING STARTS
UNITS HUNDREDS (QTRLY)
PRINCE EDWARD ISLAND



SOURCE: CMHC.

RESIDENTIAL MLS SALES
% CHANGE
PRINCE EDWARD ISLAND



SOURCE: CREA. FORECAST: CMHC.

the rates seen in 1988, limiting growth in consumer spending. A lack of new non-residential investment proposals will result in declining employment in construction, unless new projects materialize. The brightest spots in the 1990 economic outlook are continuing increases in tourism and the strong likelihood that residential construction will recover late in 1989 and early 1990.

Housing Market

As interest rates decline in the second half of 1989, improving affordability will result in a gradual increase in demand for housing. Housing activity should strengthen considerably towards year end. For the year as a whole, 600 single-family detached homes are forecast to be started, compared to 704 in 1988. Multiple unit starts will fall by a lesser amount, to 400 units against 447 in 1988. Multiple-unit starts will be bolstered in the second half by starts of Non-Profit housing and renewed interest in the private rental market. In total, P.E.I. starts are forecast at 1,000 units in 1989. Residential sales through MLS are forecast at 650 units in 1989, 29.0 percent more than in 1988. This forecast is based on the assumption that the MLS share of residential sales will rise to 50.0 percent by year end, compared to the estimated 30.0 percent share in 1988. The average MLS sales price is forecast to rise by 8.0 to 9.0 percent in 1989, to $71,000.

During 1990, the slowing in economic and employment growth and reduced net-migration will result in a declining rate of new household formation in Prince Edward Island. Following a strong first half, the second half of 1990 will see a softening in the housing market. Starts of new single-family homes and sales of existing homes will slow during the year. Starts of single-family homes are forecast at 625 for 1990, and multiple-unit starts at 375 units. The number of MLS residential sales is forecast to rise 15.0 percent to 750 in 1990. As in 1989, this increase will be mainly because of the increase in the MLS share of all house sales. The average house price will rise by 5.6 percent to $75,000, reflecting strength in the first half of the year.

The Charlottetown CA privately initiated rental market is expected to tighten in October 1989, to a 2.0 percent vacancy rate. The combination of slow economic growth and increasing housing starts will result in increases in the vacancy rate in 1990, to 4.5 percent in April and 3.0 percent in October.

Nova Scotia

Housing Market Review - First Half 1989

Economic and employment growth during 1988 resulted in 5478 housing starts in Nova Scotia during 1988, a healthy level of residential construction activity. Provincial housing activity is expected to slow in 1989 in response to the slowdown in economic and employment growth. Total residential starts during the first half of 1989 fell 18.0 percent to 2,040 from 2,411 new units constructed last year during the same period. Construction was concentrated in the development of multiple-unit structures, which rose by 12.0 percent to 874 units. Most of these were condominiums and apartments within the Metro Halifax area. Single-detached starts fell 28.0 percent to 1,166 units.

Homes sold through the MLS totalled 2,340, up 7.0 percent from last year. Consumer confidence carried over from the previous year to help increase sales during the first half of 1989. Higher MLS sales volume in Metro Halifax was responsible for the overall provincial increase. Population growth of one percent per year in Metro has also contributed to higher resale volumes. Increases in the resale value have remained below inflation because of the large number of homes on the market. The average MLS sale price increased 2.0 percent to $82,000.

The rental market remained unchanged with April's vacancy rate of 4.4 percent showing no improvement from October 1988. The City of Halifax recorded a much lower rate than the City of Dartmouth, which has been experiencing high vacancies since October 1986.

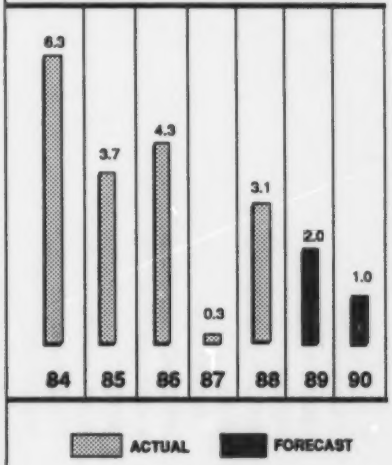
1989-90 Outlook

Economy

Following a year of stable growth at 3.1 percent in 1988, the provincial economy will slow to 2.0 percent in 1989 and 1.0 percent in 1990. There will be little industrial growth during the forecast period and few new capital projects will come onstream. The economic slowdown will limit any further capital investment, resulting in flat or negative performances in many provincial industries.

Reductions in the construction, mining, trade, service and primary industries will contribute to slower economic growth. Declining demand for new homes and the availability of rental units will result in fewer housing starts in 1989 and 1990. Correspondingly, this slower residential activity will slow the demand for lumber.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
NOVA SCOTIA



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

The mining industry has lost any gains it made in the previous year. Coal production was hurt by the strike at Devco. Exploration results have not proved promising in the gold industry, which will remain flat during 1989.

The fishing industry will be hardest hit. The consequence of depleted fish stocks and reduced quotas has been four plant closures and reduced processing time in the remaining operating plants. Up to 1,000 fishing related jobs may be lost in Nova Scotia in the next year.

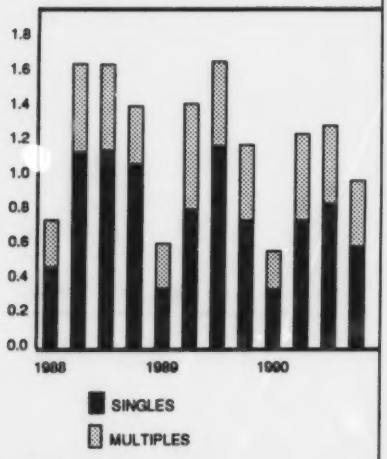
Retail sales will decline during the forecast period as rising interest rates and declining consumer confidence reduce demand for durable goods.

Despite increased investment in manufacturing plants, the industry will not post significant gains in 1989. Activity in the food and beverage sector will decline in response to a weak fishing industry.

The strong 1988 job creation rate of 5.0 percent will not be duplicated during the next few years. Employment will decline in fishing, mining and residential construction in 1989. However, strong activity in the non-residential construction industry will help achieve a 1.1 percent employment growth rate in 1989. This downward trend in employment growth will continue in 1990, when growth of 0.3 percent is expected. The unemployment rate will rise to 10.0 percent in 1989 and 10.5 percent in 1990.

High migration to other provinces has persisted since 1985, and a reversal in this trend is not expected. During 1988, net migration totalled minus 1,550. Reductions within various provincial industries, coupled with the provincial economic slowdown, will result in continued net migration figures of approximately minus 1,700 this year and minus 2,000 in 1990.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
NOVA SCOTIA



SOURCE: CMHC.

Housing Market

Nova Scotia's housing market has recorded a decline in activity since 1986, which will continue throughout 1989 and 1990. Total 1989 starts will fall 10.0 percent to 4,900 units, and further reductions will occur in 1990 as starts decline an additional 16.0 percent, to reach 4,100 units. Rural areas will be affected more than urban areas during 1989.

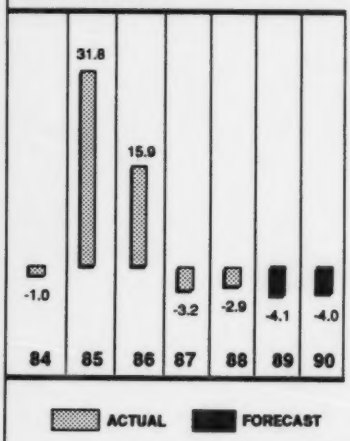
Single starts will decline 20.0 percent this year to 3,100 from the 3,867 recorded in 1988, and 18.0 percent the following year to 2,550 units. Multiple starts will increase this year, continuing the strong first half in Metro Halifax. An increase of 12.0 percent to 1,800 multiple units is

expected for 1989. During 1990, multiple starts will decline 14.0 percent to 1,550 units.

MLS sales will continue to decline throughout the forecast period. Total sales for 1989 will reach 5,500, a reduction of 4.1 percent. Fewer sales will be recorded the following year as a 4.0 percent decline brings MLS sales to 5,280. Limited demand in the housing market will keep price increases below inflation. The average resale price in 1989 will increase 2.0 percent to just over $81,000, then rise slightly by 1.0 percent to $82,000 in 1990.

Regardless of the consistently high vacancy rate recorded in Metro for the past three years, additional apartment and condominium units were started in the first half of 1989 and will contribute to continuing high vacancy rates in 1989 and 1990. The vacancy rate will increase to 4.8 percent in October 1989 and 5.0 percent in October 1990.

RESIDENTIAL MLS SALES
% CHANGE
NOVA SCOTIA



SOURCE: CREA. FORECAST: CMHC.

New Brunswick

Housing Market Review - First Half 1989

The New Brunswick housing market closed out 1988 on a gentle upswing but displayed some weakness during the opening months of 1989. As a result of higher interest rates and slower economic growth, new construction, as measured by urban housing starts, was down 11.0 percent during the first half of 1989. The production of single units was down by 14.0 percent, while multiple starts remained virtually unchanged from last year's level.

The resale markets in Saint John, Moncton, and Fredericton have also been affected by reduced economic activity. Good growth over the past few years in these markets is now beginning to show signs of tapering off. Both MLS sales and active listings have remained unchanged from last year's levels. Although demand in the resale market appears to have stabilized, prices have continued to edge up. Growth in the average price of units sold has moved up 8.1 percent over the June 1988 level.

The rental market is beginning to display some weakness as a result of over-building in some areas. Spring vacancy rates, with few exceptions, moved up from fall 1988 levels. Vacancy rates in all the major centres were at or above the 3.5 percent level this past April.

1989-90 Outlook

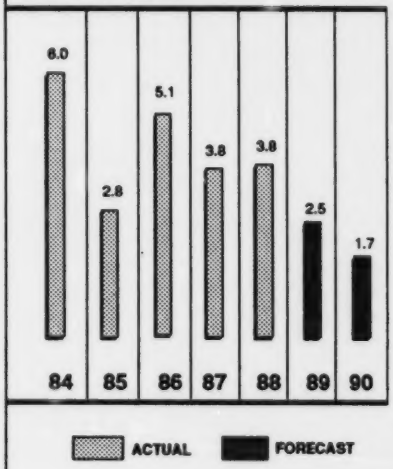
Economy

In recent years, the New Brunswick economy has experienced strong growth, as international demand for its key export products expanded. The outlook is for weaker growth in the key export sectors in both 1989 and 1990. In addition, investment in megaprojects, pulp and paper and utilities has stimulated construction employment. This investment activity is expected to peak in 1989, increasing by 14.0 percent over 1988. Major construction projects will be completed during 1989 and 1990 and planned new projects will not fully offset the reductions.

During 1989, some strength will be exhibited in the mining, manufacturing and service industries. Although moderate growth is expected in agriculture, employment will remain unchanged. Similarly, employment levels in the remaining primary industries should remain at current levels.

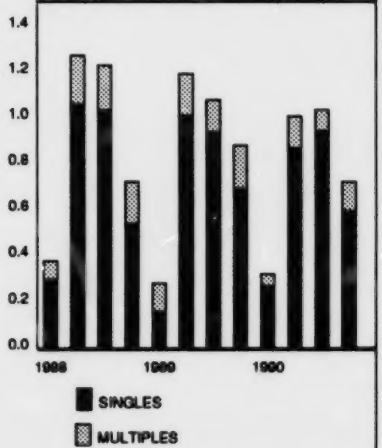
Growth in Real Gross Domestic Product is expected to be 2.5 percent in 1989 and slow to 1.7 percent during 1990. During 1988 employment grew

REAL GROSS DOMESTIC PRODUCT
% CHANGE
NEW BRUNSWICK



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
NEW BRUNSWICK



SOURCE: CMHC.

by 3.0 percent. The employment growth rate is expected to move down to 1.8 percent in 1989 and 1.6 percent in 1990.

Net migration, which has been negative since 1985, is beginning to improve. The minus 2,200 to minus 3,500 net migration levels experienced during the 1985-1987 period fell to minus 1,000 in 1988. Net-migration is expected to further improve to minus 400 during 1989 but fall to minus 600 in 1990.

Housing Market

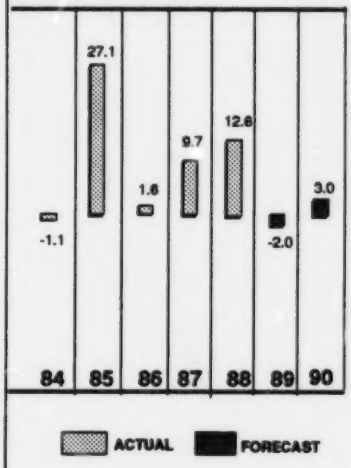
The moderating economy in combination with high interest rates in the first half of 1989, will have a dampening effect on the new residential construction industry. Over the forecast period, total provincial housing starts will drop to 3,450 units this year, and 3,100 units in 1990, compared to 3,621 in 1988. Without the forecast improvement in net inter-provincial migration, the declines would be greater.

Construction of single-detached houses has been roughly 3,000 units annually for the past few years. Activity will likely dip to 2,800 units this year and 2,700 during 1990. Continued emphasis on larger move-up units in the homeownership market will prevail as the demand for smaller starter homes falls off.

The development of multi-family structures has been trending downward since 1985 and further declines are expected. Production of multiple units will decline to 625 in 1989 and 400 in 1990. This reduction is because of soft rental markets, which are characterized by relatively low market rents. Although vacancy rates are expected to move downward this fall, softening demand will result in an increase in rates during the spring of 1990. New contruction in the condominium market will partially offset the decline in rental housing starts. Acceptance of this tenure form to date has been mainly in the Moncton market area, but, indications are that future development will take place in other markets, particularly in the Fredericton area.

Activity in the resale markets will also be affected by the economic slowdown. Sales through MLS in the three major centres of Saint John, Moncton, and Fredericton grew by 12.0 percent last year but are expected to fall by 4.0 percent this year and display no growth in 1990. In total, MLS sales in New Brunswick are forecast to decline 2.0 percent to 3,500 units in 1989 and increase 3.0 percent in 1990. A 4.6 percent increase in the price of units sold last year will likely increase slightly to 5.0 percent in 1989 before returning to 4.5 percent in 1990.

RESIDENTIAL MLS SALES
% CHANGE
NEW BRUNSWICK



SOURCE: CREA. FORECAST: CMHC.

Quebec

Housing Market Review - First Half 1989

The downward trend in the housing market in Quebec, which started in early 1988, has continued in 1989. Housing starts in the first half of 1989 totalled 24,218 units, a decrease of 20.4 percent over the same period last year. This follows a decline of 25.0 percent in the last half of 1988.

Improved net migration figures kept the demand for housing relatively strong, but the combined effect of increased interest and unemployment rates and the rapidly growing inventory of vacant units dampened consumer and investor confidence.

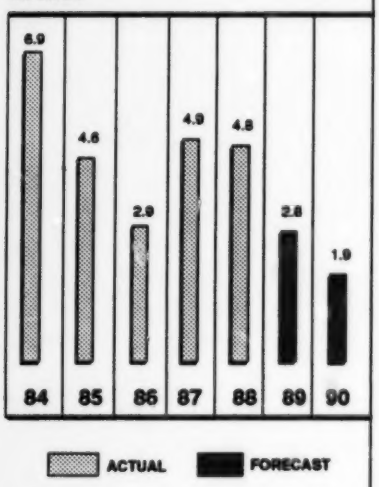
Housing starts declined most dramatically in the multiple units sector, dropping 24.5 percent. The high vacancy rates, both in new and existing housing projects across Quebec were responsible for the decline of the rental sector. The provincial vacancy rate in buildings with three units or more reached 4.5 percent in April 1989, a rise over the 4.3 percent of October 1988. The slow growth in senior citizen residences dampened investor enthusiasm in this segment of the market and resulted in a serious slowdown in the construction of multiple units.

The condominium sector experienced a sharp decline in activity during the first half of 1989, contributing to weaker activity in multiple units. Housing starts in the condominium sector at 2,012 units were 41.5 percent less than last year. The rate of sales of new condominiums slowed down considerably, inflating the inventory of unsold new condominium units. At the end of May 1989, 2,363 new condominium units were vacant, 1,660 of them (more than 70.0 percent) had been vacant for over six months. The corresponding figure for 1988 was 1,656, only 473 of which (28.0 percent) had been vacant for more than six months.

The single-family market also reported a drop of 15.7 percent over last year, brought about by the increase in interest rates and the rapid accumulation of a large stock of unsold units. At the end of April, over 2,300 newly completed and vacant houses were recorded in Quebec, that is an increase of 35.0 percent over the same time last year. Of these units, 45.0 percent had been vacant for over six months compared to only 25.0 percent in 1988. Half the unsold units were in the $100,000-plus price range.

The decline in the single-family sector also affected the re-sale market. In spite of an increase of 5.0 percent in MLS sales during the first quarter of 1989, the 18.7 percent increase in new listings kept the average price of houses at $98,000 during the first half of 1989.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
QUEBEC



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

Outlook 1989-90

Economy

The slowdown in economic growth in Quebec in 1989 was primarily reflected in the labour market where only 7,000 new jobs were created in the first quarter of 1989 against 24,000 in the last quarter of 1988.

In spite of tax reform, which is supposed to provide large rebates in 1989, Quebec consumers are forecast to remain cautious in their spending. Retail sales will grow by only 6.2 percent in 1989, which is much lower than the anticipated 9.9 percent increase in personal disposable income. Both the manufacturing and service sectors of the economy will be affected by this slowdown in domestic demand and also by the expected weakness in the volume of exports to the United States.

Thanks to major investments in non-residential construction generated by the large-scale work involved in Phase II of the James Bay Project and to other large capital investment projects in the Montreal region, the growth of the GDP should nevertheless reach 2.8 percent in 1989 and 1.9 percent in1990, a level only slightly lower than the national average.

The slowdown in economic growth in 1989 and 1990 will be accompanied by a softening of the labour market. During the next two years only 45,000 and 23,000 new jobs will be created, compared to 100,000 and 85,000 jobs created in 1987 and 1988. As a result, the rate of unemployment, which has steadily decreased since the last recession in 1981-1982, should start an upward swing to reach 9.5 percent in 1989 and 9.7 percent in 1990.

International net migration, responding to an increase in the quota for admitting new immigrants, will likely be higher in 1989 and 1990 than in 1988. Nearly 5,900 new immigrants have already been admitted during the first quarter of 1989, a 50.0 percent increase over last year's level for the same period. Projections for net international migration to Quebec in 1989 and 1990 now stand at 22,000 and 24,000 respectively.

Net interprovincial migration in Quebec will remain negative with the net outflow declining to 8,000 in 1989 and subsequently 7,000 in 1990. This represents a modest improvement from the net outflow of 8,800 in 1988. The decrease is mainly because of a softer labour market and the high relative cost of housing in Ontario, the province towards which most outmigration moves.

The recovery in Quebec's migration balance will have an important upward effect on demand for housing, and should help in the recovery of residential construction in 1990.

Housing Market

After the contracting market of 1988 and 1989, the housing market in Quebec is ripe for a recovery in the spring of 1990. The recovery will be modest, however. Housing starts should number 42,500 in 1989, a 26.8 percent decrease in relation to 1988, followed by a slight increase of 1.2 percent in 1990 to reach 43,000.

The single-family sector will be the major factor in the market's recovery. Housing starts for single-family units, after reaching a low in 1989 of 21,500 units, will begin moving again in 1990 in response to favourable net migration, a forecast drop in interest rates, and reduction in the stock of unsold units, to reach a level of 23,700.

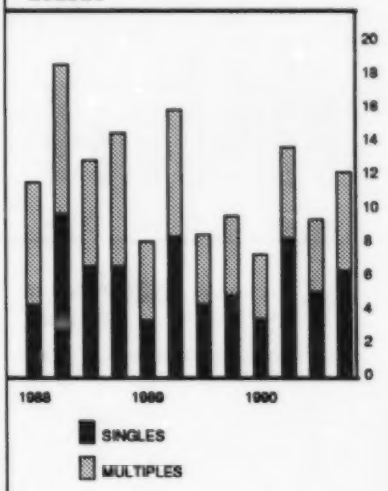
Builders will, however, remain wary of speculative construction, particularly of houses in the higher price range. Pre-sold houses will once again become a common practice in the single-family sector, the most popular models being those in the $100,000 to $120,000 range.

Recovery in single-family construction should start in the spring, but multi-family projects will not recover until the fall. After two years of stabilized rents and high vacancy rates, investors will be less attracted to this sector. Only 21,000 multi-family housing starts are projected for 1989, a decrease of 30.8 percent in relation to 1988. Another decrease in 1990 of 8.1 percent will see a total of 19,300 units.

Decreasing activity in the construction of multi-family units is mainly because of the drop in the rental sector. Housing starts for rental buildings are forecast to decrease by 27.2 percent to 14,800 in 1989 and by 13.5 percent to 12,800 in 1990. This decrease should contribute to the re-establishment of a more balanced market with an average vacancy rate in the range of 3.0 percent towards the end of 1990.

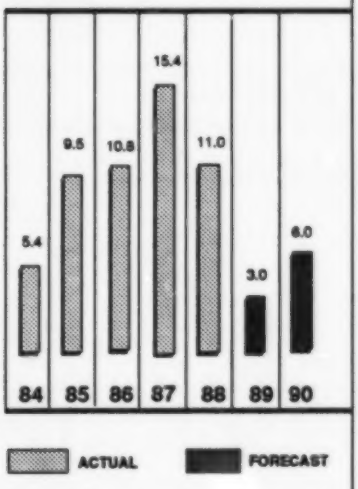
After a decline of 41.2 percent in 1989 with 3,900 housing starts, the condominium sector should rise slightly by 2.6 percent and reach 4,000 housing starts in 1990. The provincial Assisted Homeownership Program for first-time buyers should encourage the construction of condominium units in the $80,000 to $100,000 price range. Sales will remain slow for

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
QUEBEC



SOURCE: CMHC

RESIDENTIAL MLS AVG. PRICE
% CHANGE
QUEBEC



SOURCE: CREA. FORECAST: CMHC.

more expensive condominium units, which will face increased competition from the re-sale condominium sector.

The re-sale market as a whole will remain slow until the spring of 1990. This situation might well lead owners to use the Multiple Listing Service in an effort to sell their properties more quickly. The volume of MLS sales should therefore increase to 30,500 in 1989 and to 31,700 in 1990. However, the higher number of properties listed relative to the number of purchasers will limit growth in prices to 3.0 percent in 1989 and to 6.0 percent in 1990.

Ontario

Housing Market Review - First Half 1989

Following the very strong performance of 1988, with 99,924 starts, housing activity in 1989 is expected to moderate in response to stepped-down economic and employment growth, reduced net migration and higher interest rates.

Housing starts in the first half of 1989 were up 3.8 percent above their 1988 level because of strong presales in late 1988 and the first two months of 1989. Single starts rose by 12.6 percent while multiple starts declined by 5.8 percent. However, largely as a result of higher interest rates, housing demand as reflected in new home sales was down substantially in the March to June period.

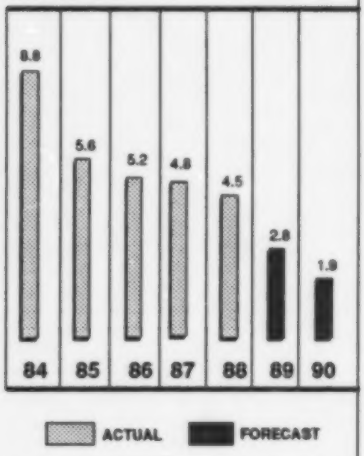
In the Greater Toronto Area, where over 40 percent of all Ontario starts occur, new single-family home sales for March to June were down 67.0 percent compared to 1988, while condominium sales were down 62.0 percent. Sales in the single-family market fell off sharply in March and these lower volumes continued in April. In the condominium market the decline was less dramatic but only because of slower first quarter sales activity.

Rapid price increases since 1985 have significantly outpaced growth in household income, with the result that housing activity has become very sensitive to interest rates.

In the Ontario resale market, sales volumes and prices reached record levels in January and February. However, as new listings grew and mortgage rates rose, the stage was set for price and volume declines. In April prices were down 6.5 percent from their February peak (but still up 13.0 percent from April 1988) while sales volumes were cut by 28.0 percent. All indicators point to the continuation of a buyer's market throughout the summer months with modest price declines and sluggish sales.

The average Ontario vacancy rate rose slightly from 0.7 percent in October 1988 to 0.8 percent in April 1989. The increase took place entirely within the Census Metropolitan Areas (CMAs) of the province. In the remaining urban centres, vacancy rates declined from 1.9 to 1.7 percent.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
ONTARIO



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

1989-90 Outlook

Economy

After six consecutive years of near or above 5.0 percent economic growth, the Ontario economy is expected to moderate, real GDP growing at 2.8 percent in 1989 and 1.9 percent in 1990.

The moderating pace of economic activity largely reflects a deceleration of consumer spending. The slowdown is mainly the response to a cyclical decline in demand after seven years of brisk spending. Coming off a second strong year in 1988, residential construction is expected to decline moderately, with a corresponding drop in the purchase of consumer durables. Real growth in the wholesale and retail trade is also expected to drop.

Continued strong investment growth in manufacturing and non-residential construction will provide the major source of economic growth. Combined growth in these sectors is expected to reach 12.0 percent nominal expansion in 1989 and 8.0 to 9.0 percent in 1990.

Employment growth, expected to average 1.8 percent in 1989, is forecast to increase by only 1.2 percent in 1990. Because growth in employment will not match labour-force growth, the unemployment rate will rise modestly, to 5.2 percent in 1989 and 6.0 percent in 1990.

Net interprovincial migration in Ontario declined dramatically in the first quarter of 1989 because of improved job prospects elsewhere in Canada, and is expected to reach only 3,000 persons in 1989 and 1,200 in 1990.

Net international migration is expected to peak in 1989 at 69,000 persons, then drop slightly to 67,000 persons in 1990, thereby providing the third and fourth years of strong gains.

Total net migration, which peaked in 1987, then fell 21.3 percent in 1988, is expected to fall a further 9.0 percent in 1989 and 5.3 percent in 1990. The effect throughout the forecast period will be moderating growth with total net migration reaching 72,000 persons in 1989 and 68,200 in 1990.

Housing Market

The housing market in Ontario is expected to moderate in 1989-90 as interest rates, lower net migration, and a stepped-down economy slow the pace of sales, affecting both the construction of new homes and the price and volume of resales in the existing market.

Although total housing starts are expected to decline by 10.3 percent in 1989 to 89,600 units, this level has remained high because of the continued strong economic performance and the length of the current economic cycle. In 1990 starts are forecast to fall by a further 9.8 percent.

The decline in 1989 is mainly the result of the 16.0 percent decline in single detached housing. The Toronto market will account for nearly 40.0 percent of the reduction in singles activity. Interest rates and high prices are the main contributors to the slowdown.

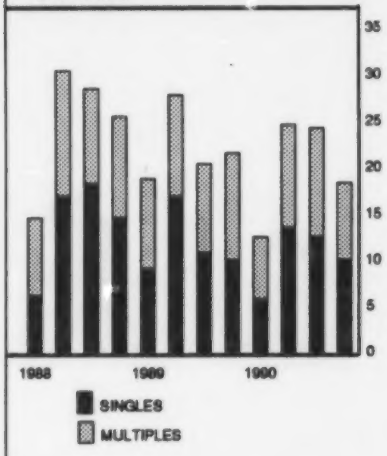
Multiple activity in 1989 will remain strong, and is forecast to decline by only 3.0 percent to 41,540 units. Condominium starts are forecast to decline by 1,330 units or 6.2 percent to 20,000 units. Sixty-three percent of the condominium activity is in the Toronto CMA, and the proportion of investors in this market continues to be high. The strength in multiples will come principally from increased assisted housing activity resulting from provincial programs.

Both singles and multiples starts in 1989 are expected to slow in the third quarter because of slow second quarter presales. In the fourth quarter, multiple starts are expected to pick up considerably in response to declines in interest rates and an end-of-year push for social housing starts by the Province.

In 1990 housing starts are forecast to reach 80,800, a decline from the expected 89,600 starts in 1989 divided mainly between condominium construction and single-family housing. Single detached starts are expected to be 48,060 units this year and to decline to 43,200 units next year. Multiple starts will decline by 3,940 units or 9.5 percent to 37,600 units.

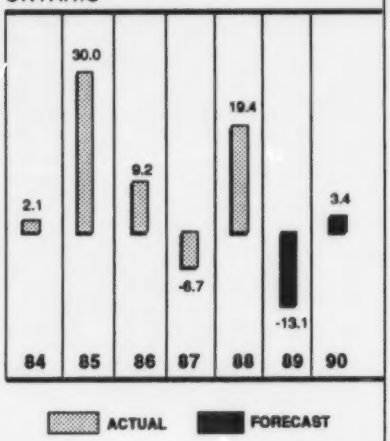
Condominium activity is expected to be down from the 20,100 units expected in 1989 to 15,900 units in 1990 as the industry adjusts to the current oversupply of units in the upper price ranges. A strong demand from first-time buyers is expected for future condominiums if less expensive units are produced.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
ONTARIO



SOURCE: CMHC.

RESIDENTIAL MLS SALES
% CHANGE
ONTARIO



SOURCE: CREA. FORECAST: CMHC.

Assisted housing is forecast to reach 9,600 units in 1990 as a result of enhanced production under provincial programs. Private rental production is expected to reach 7,800 units in 1990, down 8.0 percent from 1989 levels.

In the resale market the rise in interest rates in the first half of 1989 has slowed house price increases from 18.8 percent in 1988 to a projected 11.0 percent in 1989, when the average price will reach $178,500. This slowdown has been especially evident in the Toronto CMA. The moderation in interest rates throughout the remainder of this year and into 1990 should strengthen consumer confidence and result in a similar gain of about 12.0 percent in 1990, to reach an average price of $199,200.

Resale volumes, at a record 160,502 sales in 1988, are forecast to decline 13.1 percent in 1989 to 139,500 before increasing slightly by 3.4 percent to 144,200 resales in 1990. Condominium sales volumes and prices will be down in 1989 and again in 1990 because of the oversupply of units and the readjustment to the first-time buyer market.

The pace of new house price increases, as measured by Statistics Canada's new house price index, averaged approximately 12.0 percent in 1988. Price increases in this indicator, which deflate quality and quantity changes, are expected to average 16.0 percent in 1989, largely influenced by the Toronto market, before slowing to 7.0 percent in 1990.

Vacancy rates eased marginally from 0.7 percent in October 1988 to 0.8 percent in April 1989. The increase was the result of increased vacancies in the major metropolitan areas that outweighed the declines in other urban centres. London and Ottawa continued to have the highest rates at 3.6 and 2.2 percent respectively. Modest further increases are forecast as migration slows and the economy steps down. Reduced movement into homeownership, however, will counter the full impact of these factors. The Ontario vacancy rate will approach 0.9 percent in October 1990, largely influenced by increased rates in the London and Windsor markets and slower growth in non-CMA areas. The relatively low rates continue to reflect the lack of affordable new housing throughout the province. Much of the new rental housing is luxury housing and most of the vacancies are recorded in these units.

Average rent increases are projected at 6.5 percent in 1989 as the backlog of rent review applications go through the system. Rent review decisions have averaged 11.0 percent since 1987.

Manitoba

Housing Market Review - First Half 1989

Slow economic growth, outmigration and high interest rates have kept housing markets in Manitoba sluggish in the first half of 1989. Residential construction is well below the pace set in 1988. In the first five months of 1989, 1,023 dwelling units were started, a decline of one-third from 1988. Single starts, at 814, have remained relatively steady, declining only 4.0 percent from 1988 when 849 units were started. By contrast, the 209 multiple units started are 71.0 percent below the same period last year.

Weakness in most provincial rental markets is the major cause of the decline in multiples construction. In April, Winnipeg's vacancy rate was 4.6 percent, up marginally from 4.3 percent in October 1988, but well above the 3.0 recorded one year earlier.

Residential MLS sales in Manitoba are also showing the effect of the weak demand for housing. In the first four months of 1989, 3,103 sales were transacted, a decrease of more than 12.0 percent from 1988. Average prices are more stable, moving up almost 3.0 percent to $82,607.

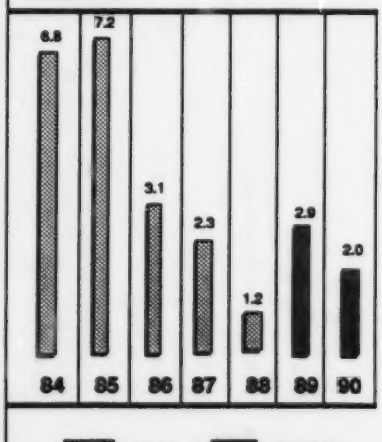
1989-1990 Outlook

Economy

A rebound in real agricultural output of almost 20.0 percent in 1989 will boost economic growth to 2.9 percent, ahead of the 1.2 percent growth achieved in 1988. Growth will slow to 2.0 percent in 1990 as the increase in agricultural production stabilizes. Moreover, the economic slowdown expected in 1990 in the rest of Canada and in the United States will mean smaller markets for the manufactured goods Manitoba produces.

Stage I of Tax Reform will bring a healthy growth of consumer spending in 1989, but more restrictive fiscal policy will dampen the increase in 1990. Investment spending for non-residential construction and for machinery and equipment will be strong in both years, buoyed by the large Limestone Hydro project. Repap Ferrostaal's recent purchase of the Manfor pulp mill at the Pas will mean $200 million in investment beginning in 1989 as the mill is converted to the production of bleached kraft pulp. Over the next five years, an additional $800 million will be spent to construct a second pulp mill that will bring 350 to 400 new permanent jobs to the community.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
MANITOBA



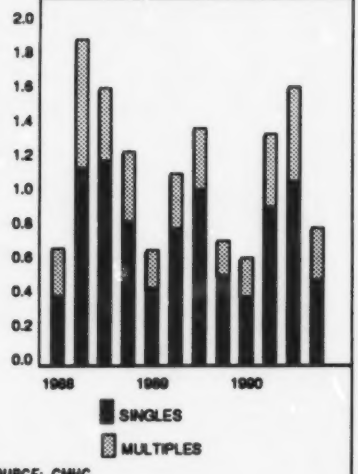
SOURCE: CONFERENCE BOARD. FORECAST: CMHC

The hydroelectric industry, which suffered a severe reduction in both output and exports during the drought of 1988, will return to near normal levels of production and this will be a major contributor to economic growth in 1989. Stable prices have helped sustain the mining industry and this is expected to continue for the next 18 months. The construction industry is, however, being severely affected by the low level of housing starts. Even with sustained non-residential investment, a reduction in the real output of the construction sector will occur in 1989.

Employment growth will be 1.5 percent in 1989 and 1.1 percent in 1990. Jobs will be lost in the construction industry in 1989 but the mining, manufacturing, trade and financial industries will all make gains in 1989 and 1990. A partial recovery in housing starts will help the construction industry in 1990.

In 1988, net migration figures showed that 6,300 people left the province. This year, that figure will reach 6,500 but by 1990 will drop to 5,800. The economic slowdown in the rest of Canada, affecting employment opportunities in other provinces, will be a factor in reducing outmigration in 1990. Lower outmigration and sustained economic growth will increase the demand for housing in Manitoba in 1990.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
MANITOBA



SOURCE: CMHC.

Housing Markets

In 1989, there will be a decline of 28.0 percent in dwelling unit starts in Manitoba, to 3,900 from the 5,455 units started in 1988. In 1990, starts will recover partially to 4,400 units but still remain 19.0 percent below 1988 levels. Single unit starts will decline by 22.0 percent to 2,800 units in 1989 before rebounding to 2,900 units in 1990. Multiple unit starts will fall by more than 40.0 percent to 1,100 in 1989 and then move back up to 1,500 in 1990. High outmigration and overbuilding in 1987 and early 1988 are the main causes of the low residential construction activity.

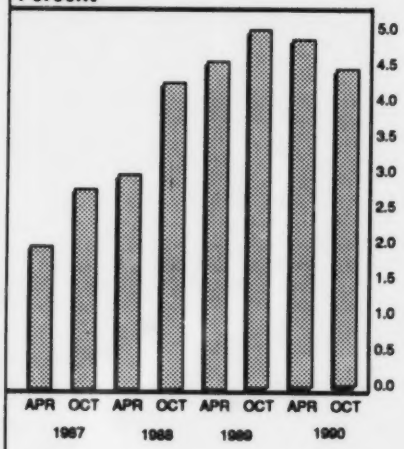
With weak demand for new housing and reduced construction, the New House Price Index in Winnipeg will move up only 0.5 percent in 1989 and 1.5 percent in 1990. An oversupply of serviced lots, strong competition among builders and competition from the resale market will all keep new house price increases low.

Weak demand will continue to affect resale markets in Manitoba for the remainder of the year. In 1990, lower interest rates and stronger income growth resulting from the agricultural recovery of 1989 will boost demand.

Residential MLS sales in the province will fall by 10.0 percent in 1989 to 10,000 before recovering to 11,000 in 1990. The average resale price in the province will reach $86,000 by 1990. Most MLS sales in the province occur in Winnipeg, which is currently a buyer's market but will become more balanced during 1990. Sales in Winnipeg are expected to decline from 10,202 in 1988 to 9,000 in 1989 and then rebound to 10,000 in 1990. The average resale price in Winnipeg will be $84,300 in 1989, an increase of 3.0 percent from 1988, and will reach $87,500 by 1990.

Vacancy rates in most communities in Manitoba will continue upward. In Winnipeg, more rental units will be completed during the summer of 1989 and, with the weak rental absorption of recent months, this will push the vacancy rate up to a peak of five percent in October. The modest increase in demand for rental accomodation coupled with little new construction next year will bring the rate down to 4.4 percent by October 1990.

WINNIPEG VACANCY RATE
(In apartment structures 6 units and over)
Percent



SOURCE: CMHC.

SASKATCHEWAN

Housing Market Review - First Half 1989

Housing demand in Saskatchewan has remained weak throughout the first half of 1989. Income and employment levels have not rebounded from the recession of 1988 and large outmigration from the province has continued.

New residential construction has been severely affected by the weak economy. In the first five months of the year, 611 dwelling units were started, a 50.0 percent decline from the 1,230 units started in the same period of 1988. Multiple-unit starts are down 70.0 percent to 178, indicative of the weak state of provincial rental markets. Privately initiated rental construction has almost ceased because of high and increasing vacancy rates across the province. In 10 of the 11 communities surveyed by CMHC, the vacancy rate was higher in April 1989 than in the previous October. In Saskatoon the rate rose to 10.2 percent in April up from 8.8 in October. In Regina, the vacancy rate is 8.1 percent, up from 5.4 in October.

Resale markets have been more stable. In the first four months of the year, there were 2,093 MLS residential sales in Saskatchewan compared to 2,220 in 1988. Despite the decrease in the number of sales, a modest increase in average prices of 3.0 percent to $69,058, was achieved.

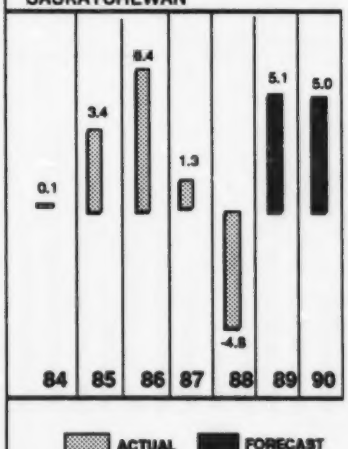
1989-90 Outlook

Economy

Spring rains have increased optimism about agriculture in Saskatchewan this year. Near normal growing conditions will bring a substantial improvement in agricultural production over 1988. With a 35.0 percent increase in 1989 and a further 15.0 percent in 1990, agricultural output will return to near its long-term trend. This will bring real economic growth of 5.1 percent in 1989 and 5.0 percent in 1990, compared to a 4.8 percent decline in 1988.

Most of the economic growth in 1989 will come directly from the increase in agricultural production. Consumer and investor caution has been apparent throughout the first half of 1989 and this will continue until the crop has been successfully harvested. Moreover, most of the income from the 1989 crop will not be received until the final quarter of the year or the first two quarters of next year. As a result, the boost in consumer spending will be deferred until 1990 when the spin-off effects from the increase in

REAL GROSS DOMESTIC PRODUCT
% CHANGE
SASKATCHEWAN



SOURCE: CONFERENCE BOARD. FORECAST: CMHC

farm output and an upswing in investment activity will be the major causes of growth.

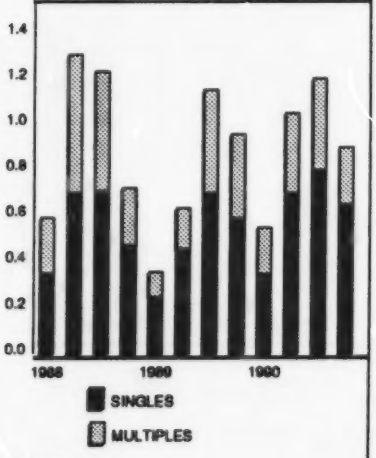
Investment spending in 1989 has been reduced by a number of factors. First, low farm incomes have led to a dramatic decrease in agricultural investment. Second, construction at the Rafferty-Alameda Dam has been suspended until an environmental assessment can be completed. Third, high interest rates have reduced investment spending. Finally, almost no oil drilling is proceeding because low oil prices make Saskatchewan's high-cost oil production unprofitable.

The investment outlook for 1990 is considerably brighter. In response to high incomes and output prices, the farm sector is expected to undertake significant agricultural investment. Construction at Rafferty-Alameda may resume. Construction will proceed at two sizeable projects: the Millar-Western pulp mill in Meadow Lake and the Cargill fertilizer plant near Regina. Finally, the lower interest rates expected in 1990 will provide a boost to numerous small projects.

Throughout the first half of the year, employment has remained below 1988 levels. By the end of the year, employment is forecast to be 0.3 percent below the average for 1988. Employment is down in agriculture, construction and trade. During 1990, employment will grow by 1.8 percent as a result of the major gains in economic growth.

Saskatchewan continues to lose population as a result of migration. In 1988, 14,771 more people left the province than entered it. Little improvement is expected in 1989 but the stronger economy in 1990 will reduce the outflow to 10,000.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
SASKATCHEWAN



SOURCE: CMHC.

Housing Markets

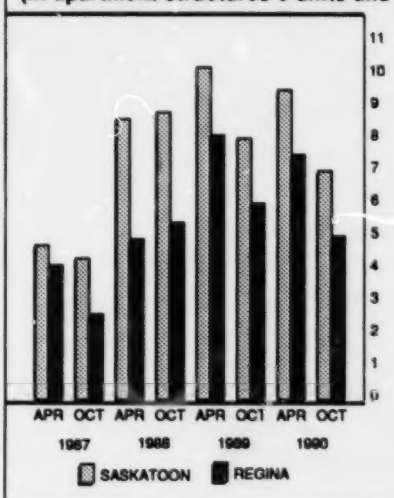
Healthy income and employment growth and better net migration figures will mean stronger demand in Saskatchewan's housing markets in 1990. Total housing starts, which will decline by almost 20.0 percent to 3,100 in 1989, will grow to 3,700 in 1990. In 1990, single starts will recover to 2,500, 3.0 percent above 1988 levels. Because of high provincial vacancy rates, multiple starts will fall by almost a third to 1,100 in 1989 and recover only slightly to 1,200 in 1990.

In response to weak housing demand, the New House Price Index in both Saskatoon and Regina will show only a modest growth of 2.0 percent in 1989, but a slightly faster growth of 3.0 percent is expected in 1990.

Residential MLS sales activity has been down in most provincial centres in the first half of the year and this will continue to year end. For the province as a whole sales will be 7,075, 3.0 percent below 1988 activity. Sales across the province will rebound in 1990, reaching 7,400. The average price of a resale home in Saskatchewan will be $69,300 in 1989 and will reach $71,400 by 1990. The stability of Regina's economy will translate into price increases of 3.5 and 4.0 percent in 1989 and 1990 compared to only 0.5 and 2.5 in Saskatoon. However, in 1990, the average resale price of $74,700 in Regina will still be below Saskatoon's $77,200.

With almost no private rental construction and some increase in demand, vacancy rates in most Saskatchewan communities will move downward. By October of 1990, Regina's rate should be down to 5.0 percent while Saskatoon's will be 7.0 percent.

SASKATOON AND REGINA
VACANCY RATE
(In apartment structures 6 units and over)



SOURCE: CMHC. FORECAST: OCT'89; APR'90 & OCT'90.

ALBERTA

Housing Market Review - First Half 1989

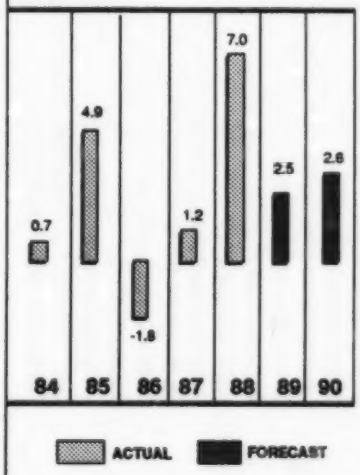
Demand in Alberta's housing markets has strengthened throughout the first half of 1989. The strong economic recovery of 1988, sustained job creation and the turnaround in net migration figures have all contributed to the tightening of housing markets in Alberta.

The increase in housing starts in the first five months of 1989 was in direct response to the increase in demand. Total housing starts were 3,942, an increase of 37.0 percent over the same period last year. The most dramatic change is in multiples starts, which have almost doubled because of increased condominium construction. In the first five months of the year, 597 multiple units were started compared to only 209 in 1988.

Resale housing markets across the province have also been buoyant in 1989. In the first four months, residential MLS sales in the province increased by 18.0 percent to 10,675 while the average price increased by nearly 11.0 percent to $96,160.

The increase in demand for rental accommodation, accompanied by little new construction, has driven vacancy rates down. Every Alberta community surveyed by CMHC except Lethbridge had a lower vacancy rate in April 1989 than in April 1988. Edmonton's rate stood at 3.6 percent in April 1989, down from 4.4 in October 1988. The vacancy rate in Calgary is 1.8 percent, down from 2.3 the previous October.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
ALBERTA



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

1989-90 Outlook

Economy

After real economic growth of 7.0 percent in 1988, the Alberta economy will slow to 2.5 percent in 1989 and 2.6 percent in 1990. The slower growth is indicative of the uncertainty surrounding oil prices. Oil investment was a major spur to the recovery of 1988 but prices plummeted during the third quarter and investment was scaled back accordingly. The price of West Texas Intermediate, the benchmark oil price, has stabilized in the range of $19 to $20 (U.S.) per barrel but it is expected to drift downward through 1990 to the $15 to $16 range.

A few years ago the dramatic curtailment in oil investment seen over the last three quarters would have meant recession for Alberta, but the increasing diversification of the economy now helps maintain healthy economic growth. Growing natural gas and petrochemical exports and

burgeoning tourism and financial industries are factors in the diversification. Also important is major investment in the forestry sector. Eleven new pulp and saw mills will mean $3.2 billion of investment over the next five years. Investment in natural gas pipelines, now operating near capacity, is also expected. Nova Corp recently announced $3 billion in natural gas pipeline and collection system investment, most of which will be in northern Alberta.

During the 1988 recovery, 39,000 jobs were created in Alberta. Over the next two years, about 20,000 jobs will be created each year. Significant growth is expected in the service-producing industries but the most dramatic gain will be in construction. About 8,000 new jobs will be created in the construction industry as a result of the increase in investment activity. Employment in agriculture will decline slightly in both 1989 and 1990 as the long-term rationalization and increasing capital intensity of the industry continues.

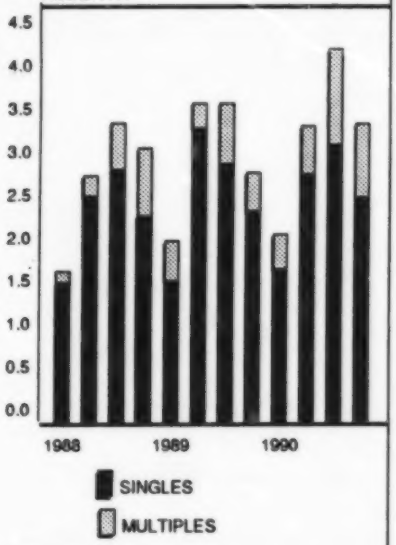
One dramatic change in Alberta during 1988 was the increase in net migration. During 1989 and 1990, the stability and strength of the Alberta economy coupled with slowdowns in other provinces and increased employment opportunities for skilled workers, especially in the construction trades, will maintain this positive migration trend. Total net migration of 9,000 in 1989 and 12,000 in 1990 will maintain strong demand for housing.

Housing Markets

Solid growth in employment, population and income is strengthening the demand for housing in Alberta. Other factors include two provincial government housing programs announced during the recent provincial election campaign. The Alberta Mortgage Interest Shielding Program places a 12.0 percent cap on the first $75,000 of a principal residence mortgage. The Alberta Family First Home Program provides a grant of $4,000 to first-time home buyers.

The strong demand for housing will increase housing starts with 12,500 total starts expected in 1989 and 13,500 in 1990. Single-detached starts will show continued strength at 9,900 this year and 10,600 next but the most dramatic change will be in multiples construction. The number of units started will increase by more than half in 1989 to 2,600 and reach 2,900 in 1990. Strong growth in condominium construction will continue but some recovery of private rental market construction is also expected in 1990.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
ALBERTA



SOURCE: CMHC.

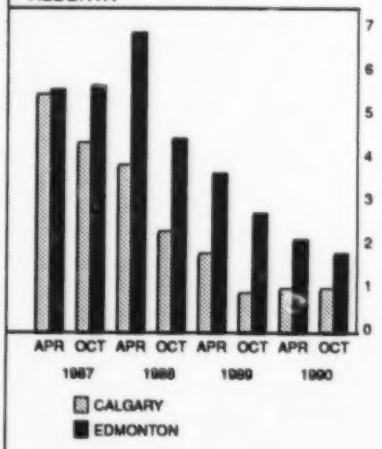
With the increase in demand for housing, there will be significant increases in the price of new homes. Increases of 7.0 and 8.0 percent are expected in the Calgary New House Price Index in 1989 and 1990. Edmonton will experience 9.0 and 8.0 percent growth in the index. One factor in the rapid growth of prices in Edmonton is the increase in land costs caused by the restriction of land development in the city.

Provincial residential MLS sales will increase by about 2.0 percent this year and 3.0 percent next year. While the Edmonton resale market will continue to tighten over the next 18 months, becoming a seller's market by late 1989, the rapid growth in the Calgary market over recent months will moderate. The average price of resale homes in the province will be $97,500 by year-end and will reach $103,400 in 1990. Prices in the major cities will increase by 6.0 to 7.0 percent each year. The resale markets in the northern communities which are benefiting from forestry and natural gas investment, will see increased activity in the next 18 months.

As relatively low rent levels continue to limit private rental market construction, vacancy rates will continue to move downward. In Calgary, the vacancy rate will remain in the one percent range for the next 18 months. In Edmonton, the rate will move below 3.0 percent in October 1989 and below 2.0 percent in October 1990.

Calgary and Edmonton Vacancy Rates

ALBERTA



SOURCE: CMHC. FORECAST: OCT'89; APR'90 & OCT'90.

British Columbia

Housing Market Review - First Half 1989

The market started the year on a strong note, but weakened in the second quarter. In the resale market, sales and prices turned downward. Housing starts and absorption of new units also weakened slightly, although new house prices continued to rise. This adjustment reflects the large increase in resale listings on the market and lower demand resulting from previous mortgage rate increases and declining consumer confidence.

Conditions in the new housing market did not soften to the same degree as in the resale market. The Seasonally Adjusted Annual Rate (SAAR) showed single detached starts in urban B.C. at 16,800 units in May, down from 18,000 units in March. The multiples starts SAAR was at a high of 20,200 units in January and has averaged 14,600 units in the last four months. The absorption of new units declined in the last two months but the inventory of newly completed units remained low nevertheless.

Absorption of new single and semi-detached units remains high with little decline evident in the trend. Condominium absorption was lower in April and May, partly owing to fewer completions in those months. The inventory of newly completed condominium units continued to decline in the first half until May's small increase. The inventory of newly completed units of all types was low relative to absorption in the first half.

B.C. MLS residential sales reached a high in March before declining. Actual sales in March achieved a monthly record high of 8,150 units. Sales turned down in April to 5,666 units, a large drop contrary to the normal seasonal pattern. After seasonal adjustment, sales reached a high of 7,754 units in February and went down in March to 6,854 units and in April to 4,798 units.

Resale house prices declined for the first time in many months following a large increase in the previous six months. Between September 1988 and March 1989, the average B.C. MLS residential price increased 29.0 percent from $122,190 to $157,479. In April the average price dropped by 8.0 percent to $145,330. The average price of a single detached unit in Greater Vancouver declined from $253,367 in April to $244,344 in May.

In the rental market, tight conditions prevailed. The urban B.C. vacancy rate was 0.9 percent in April 1989, compared to 1.2 percent six months earlier and to 1.9 percent in April 1988. The vacancy rate in Vancouver

remained low at 0.5 percent while vacancy rates in other urban centres declined from 2.6 percent last October to 1.6 percent this April. Rent increases continued to accelerate. The annual increase in the average one-bedroom apartment rent was 9.7 percent in April 1989 compared to 6.3 percent in October 1988.

1989-90 Outlook

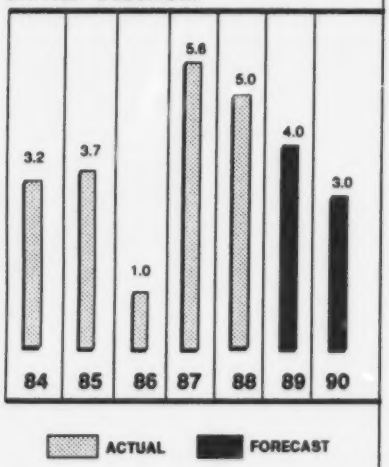
Economy

British Columbia's economic growth rate is forecast to be above the national rate in 1989 and 1990. Growth in GDP is forecast at 4.0 percent in 1989 and 3.0 percent in 1990, compared to Canada-wide forecast growth rates of 3.0 percent and 2.2 percent, respectively. The strong momentum built up last year will carry over into 1989. Large investment expenditures, rising construction activity, expanding business and commercial services, and a moderating but still growing export sector will be areas of strength in B.C.. A high population growth rate will also help stimulate the business, commercial, and construction sectors.

In the resources sector, activity will be strong in pulp and paper, with output and employment increasing in response to the plant expansions underway. The lumber sector is weaker, and production is below last year's mainly because of fewer U.S. housing starts. Since U.S. housing starts are forecast to rise in 1990 as interest rates decline, lumber production will rise next year. Base metal production is expected to decline moderately in 1990 since lower metals prices are forecast. Coal output will be lower in 1989 because of production disruptions. Demand for merchandise exports will grow at a lesser rate in 1990 since moderating economic growth is forecast for British Columbia's major trading partners. Overall, the resource sector will perform well in 1990, but at a lower growth rate.

Investment expenditures are a main source of growth. Total investment expenditures planned in 1989 are $19.1 billion, up 11.0 percent from 1988. Paper and allied industries and other manufacturing categories lead the growth. In 1990, investment expenditures are expected to increase at a lesser rate of 6.0 percent.

REAL GROSS DOMESTIC PRODUCT
% CHANGE
BRITISH COLUMBIA



SOURCE: CONFERENCE BOARD. FORECAST: CMHC.

The construction sector is active and will remain strong in 1990. In addition to the construction of new plants in the forestry industry, new office and retail facilities are underway. This expansion in commercial facilities will continue in 1990 since population growth is expected to pick up and economic growth is forecast.

In the service-producing industries, output will increase at a greater rate in 1990 while growth in the goods industry will moderate. Tourism activity is expected to increase in the forecast period. Higher population growth rates will increase demand for a broad range of services. Lower interest rates in 1990 and income growth of about 8.0 percent will also contribute to higher demand for services.

Employment is forecast to increase by 4.2 percent in 1989 and by 2.9 percent in 1990. Total employment is expected to average 1,455,900 persons in 1990. Service-sector employment is expected to have a higher growth rate at 4.1 percent this year and 3.3 percent next year. Goods-sector employment growth will be more moderate, from 4.6 percent in 1989 to 2.2 percent in 1990.

Population growth is forecast to increase in 1989 and remain high in 1990. The growth rate is forecast to be 2.8 percent this year and 2.7 percent next year. High net migration levels are driving these growth rates. Net migration is forecast to be 53,700 in 1989 and 54,000 in 1990. Net interprovincial migration is forecast to be 34,200 this year and 30,000 next year. Net international migration is expected to increase in both years.

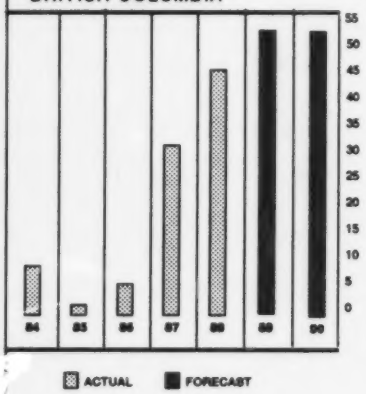
Housing Market

High migration levels, good economic growth rates, and lower interest rates are expected to boost the housing market in 1990. Higher starts and sales are forecast as are higher prices. Rents will likely increase in response to lower forecast vacancy rates.

Housing starts are expected to rise to 34,500 units this year and to 37,900 units next year. Single detached starts are forecast at 19,100 units in 1989 and 19,400 units in 1990. Most of the gain in total starts is expected to be in the multiples sector.

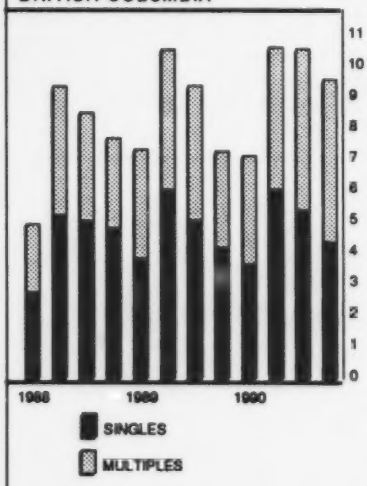
Multiples starts will be driven higher by condominium construction and by a much higher level of market rental starts. Condominium starts are forecast at 10,770 units in 1989, and at an even higher level, 12,490 in 1990. These will be record levels for British Columbia. With lower vacancy

TOTAL NET MIGRATION
THOUSANDS
BRITISH COLUMBIA



SOURCE: STATISTICS CANADA. FORECAST: CMHC.

HOUSING STARTS
UNITS THOUSANDS (QTRLY)
BRITISH COLUMBIA



FORECAST: 3rd QTR. 89 TO 4th QTR. 90.
SOURCE: CMHC.

rates, higher rents, and activity resulting from government programs, rental construction is expected to increase substantially from last year's low level. The B.C. government rental plan allows mortgage rates to be 3.0 percent below market rates. Vancouver City Council recently announced a rental plan that will use city land on a lease basis. These plans and improved financial viability brought about by higher rents and lower interest rates, are expected to boost market rental starts from 1,573 units last year to 3,140 units in 1990.

Higher costs of labour, materials, and land are expected. Some scarcities in these production inputs are evident now and will likely continue. Vancouver City Council's increased restriction on the demolition of rental units will raise the cost of development. A notable expansion in developable land will take place on the former Expo site in Vancouver. This will be the first development to proceed during the forecast period.

New house prices will increase in response to higher demand and higher production costs. The New House Price Index for Vancouver is forecast to increase by 13.5 percent in 1989 and by 15.3 percent in 1990. Victoria's index is forecast to rise by 10.9 percent this year and 14.2 percent next year.

In the resale market, house price increases are forecast to be greater than the new price index. The average residential MLS price is forecast to increase by 22.8 percent in 1989 to $148,200 and by 19.0 percent in 1990 to $176,400. Prices in areas outside the two metropolitan areas are expected to show higher increases than in 1988.

MLS residential sales are forecast to increase by 13.6 percent to 76,650 units this year. Next year a further increase of 11.7 percent is expected. Sales are expected to pick up later this year after the current adjustment process is over. Higher demand from in-migration, lower mortgage rates, and higher consumer confidence is expected to boost the sales trend.

Rental market conditions are expected to remain tight. Increases in net migration and employment will increase demand and lower vacancy rates. The forecast higher rental starts will take time to complete and arrive on the market. The vacancy rate this October is forecast to be 0.3 percent and next October 0.2 percent. Victoria's vacancy rate is forecast to be 0.4 percent in October and 0.6 percent in 1990.

HOUSING STARTS - TOTAL

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	2720	2854	2883	2682	3168	3500	3450
PEI	643	788	1110	933	1151	1000	1000
NS	4598	6923	7571	6460	5478	4900	4100
NB	2873	4142	4045	3716	3621	3450	3100
QUE	41902	48031	60348	74179	58062	42500	43000
ONT	48171	64871	81470	105213	99924	89600	80800
MAN	5308	6557	7699	8174	5455	3900	4400
SASK	5221	5354	5510	4895	3856	3100	3500
ALTA	7295	8337	8462	10790	11360	12500	13500
BC	16169	17969	20687	28944	30487	34500	37900
CAN	134900	165826	199785	245986	222562	**199000	**195000

SOURCE: CMHC. * FORECAST. **Total does not add due to rounding.

HOUSING STARTS - SINGLES

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	2401	2632	2627	2530	2839	2700	2900
PEI	416	559	783	699	704	600	625
NS	3393	4001	4551	4120	3867	3100	2540
NB	2482	3238	3234	2957	2953	2825	2700
QUE	20180	18442	23692	31430	27724	21500	23700
ONT	32851	43509	56448	64929	57099	48060	43200
MAN	3204	3995	4791	4631	3601	2800	2900
SASK	3011	3214	3770	2995	2246	2000	2300
ALTA	6549	7691	7146	9495	9671	9900	10600
BC	9164	11343	12966	16353	17761	19100	19440
CAN	83651	98624	120008	140139	128465	112585	110905

SOURCE : CMHC. * FORECAST.

HOUSING STARTS - MULTIPLES AND OTHERS

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	319	222	256	152	329	800	550
PEI	227	229	327	234	447	400	375
NS	1205	2922	3020	2340	1611	1800	1560
NB	391	904	811	759	668	625	400
QUE	21722	29589	36656	42749	30338	21000	19300
ONT	15320	21362	25022	40284	42825	41540	37600
MAN	2104	2562	2908	3543	1854	1100	1500
SASK	2210	2140	1740	1900	1610	1100	1200
ALTA	746	646	1316	1295	1689	2600	2900
BC	7005	6626	7721	12591	12726	15400	18460
CAN	51249	67202	79777	105847	94097	86365	83845

SOURCE : CMHC. * FORECAST.

DETAIL OF MULTIPLE STARTS

	Private Rental Row/Apt	Assisted Rental Row/Apt	Total Rental Row/Apt	Condo Row/Apt	Other Semi/ Row/Free	TOTAL
NFLD						
1988	42	259	301	0	28	329
1989	270	335	605	45	150	800
1990	130	270	400	0	150	550
PEI						
1988	287	86	373	19	55	447
1989	212	113	325	0	75	400
1990	216	84	300	0	75	375
NS						
1988	574	375	949	34	628	1611
1989	525	475	1000	250	550	1800
1990	660	500	1160	100	300	1560
NB						
1988	578	40	618	50	0	668
1989	334	103	437	188	0	625
1990	210	130	340	60	0	400
QUE						
1988	19482	863	20345	6633	3360	30338
1989	13700	1100	14800	3900	2300	21000
1990	11900	900	12800	4000	2000	18800
ONT						
1988	10838	5236	16074	21400	5351	42825
1989	8530	8840	17370	20070	4100	41540
1990	7845	9630	17475	15865	4260	37600
MAN						
1988	804	560	1364	350	140	1854
1989	350	450	800	200	100	1100
1990	570	470	1040	240	220	1500
SASK						
1988	548	269	817	653	140	1610
1989	310	340	650	300	150	1100
1990	270	330	600	450	150	1200
ALB						
1988	264	101	365	511	813	1689
1989	464	326	790	885	925	2600
1990	564	326	890	985	1025	2900
BC						
1988	2320	951	3271	8496	959	12726
1989	2640	930	3570	10770	1060	15400
1990	3850	900	4750	12490	1220	18460
CANADA						
1988	35737	8740	44477	38146	11474	94097
1989	27335	13012	40347	36608	9410	86365
1990	26215	13540	39755	34190	9400	83345

NEW HOUSE PRICE INDEX
(PERCENT CHANGE)

	1984	1985	1986	1987	1988	*1989	*1990
ST. JOHN'S	3.4	2.1	2.3	4.9	2.3	5.0	5.0
HALIFAX	N/A	N/A	2.0	3.4	3.7	3.6	3.4
SAINT-JOHN	10.4	8.4	3.6	4.8	2.9	3.4	3.2
QUEBEC CITY	4.9	5.4	6.7	8.9	11.9	6.0	7.0
MONTREAL	6.2	3.5	7.4	15.1	9.9	4.0	6.0
OTTAWA-HULL	8.4	-0.3	2.8	5.7	6.7	7.2	7.0
TORONTO	0.6	2.8	16.6	26.1	16.7	24.0	6.0
LONDON	4.8	3.8	13.8	16.1	7.7	9.2	7.5
WINNIPEG	3.8	5.2	6.4	5.8	1.3	0.5	1.5
SASKATOON	-0.3	2.2	4.5	4.2	1.9	2.0	3.0
CALGARY	-7.5	2.4	8.4	3.9	8.8	7.0	8.0
EDMONTON	-6.1	-6.1	7.3	4.2	5.1	9.0	8.0
VANCOUVER	0.3	-3.8	0.2	4.6	5.2	13.5	15.3

SOURCE: STATISTICS CANADA. *FORECAST

MLS ACTIVITY - TOTAL SALES
(UNIT SALES AND YEAR/YEAR PERCENTAGE CHANGE)

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	1513	1768	1846	1906	2217	2050	2250
%	3.6	16.9	4.4	3.3	16.3	-7.5	9.8
PEI	295	536	467	507	505	650	750
%	-30.9	81.7	-12.9	8.6	-0.4	29.0	15.0
NS	3992	5262	6098	5903	5707	5500	5280
%	-1.0	31.8	15.9	-3.2	-3.3	-3.6	-4.0
NB	2082	2647	2688	2948	3585	3500	3600
%	-1.1	27.1	1.6	9.7	21.6	-2.0	3.0
QUE	19959	26238	29203	29909	30297	30500	31700
%	107.4	31.5	11.3	2.4	1.3	0.7	3.9
ONT	101465	131902	143988	134370	160502	139500	144200
%	2.1	30.0	9.2	-6.7	19.4	-13.1	3.4
MAN	9315	11266	11898	12356	11129	10000	11000
%	3.4	20.9	5.6	3.8	-9.9	-10.1	10.0
SASK	7046	7850	8211	7875	7299	7175	7400
%	5.7	11.4	4.6	-4.1	-7.3	-1.7	3.1
ALTA	19028	28162	23705	27632	30368	31000	32000
%	18.0	48.0	-15.8	16.6	9.9	2.1	3.2
BC	30955	43526	46145	56376	67460	76650	85600
%	-3.7	40.6	6.0	22.2	19.7	13.6	11.7
CAN	195650	259157	274249	279782	319096	305925	322980
%	8.1	32.2	5.8	1.9	14.1	-4.1	5.6

SOURCE: CANADIAN REAL ESTATE ASSOCIATION. * FORECAST BY CMHC.

MLS ACTIVITY AVERAGE PRICE
(PERCENT CHANGE)

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	60628	65547	69231	73415	76828	82200	86000
%	6.0	8.1	5.6	6.0	4.6	7.0	4.6
PEI	48626	52925	54418	58850	65464	71000	75000
%	2.6	8.8	2.8	8.1	11.2	8.5	5.6
NS	66217	69462	74916	78884	79591	81214	82000
%	10.4	4.9	7.9	5.3	0.9	2.0	1.0
NB	53353	56992	63963	67631	70753	74327	77690
%	13.2	6.8	12.2	5.7	4.6	5.1	4.5
QUE	61438	67255	74506	86002	95451	98550	104470
%	5.4	9.5	10.8	15.4	11.0	3.2	6.0
ONT	78432	86196	108212	135655	161307	178500	199200
%	3.8	9.9	25.5	25.4	18.9	10.7	11.6
MAN	58320	61818	70173	77057	80426	82800	86000
%	6.6	6.0	13.5	9.8	4.4	3.0	3.9
SASK	59703	61431	63792	65811	68361	69300	71400
%	2.1	2.9	3.8	3.2	3.9	1.4	3.0
ALTA	80648	75871	78572	83905	89553	97500	103400
%	-8.5	-6.0	3.6	6.8	6.7	8.9	6.1
BC	90923	87956	92582	101916	121039	148200	176400
%	-4.9	-3.3	5.3	10.1	18.8	22.4	19.0

SOURCE : CANADIAN REAL ESTATE ASSOCIATION. * FORECAST BY CMHC

VACANCY RATES IN APARTMENT STRUCTURES OF SIX UNITS & OVER (PERCENT)

	1987		1988		1989		1990	
	APR	OCT	APR	OCT	APR	OCT	APR	OCT
CALGARY	5.4	4.3	3.8	2.3	1.8	0.9	1.0	1.0
CHICOUTIMI-JONQUIERE	8.9	10.5	7.2	7.7	5.3	3.6	2.9	2.5
EDMONTON	5.5	5.6	6.8	4.4	3.6	2.7	2.1	1.8
HALIFAX	3.9	4.4	4.7	4.3	4.4	4.8	5.0	4.8
HAMILTON	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.3
KITCHENER	0.4	0.2	0.5	0.4	0.5	0.6	0.5	0.6
LONDON	1.0	1.0	0.9	2.1	3.1	4.4	4.5	4.8
MONTREAL	1.7	3.6	3.9	4.0	3.8	3.5	2.8	2.2
OSHAWA	0.1	0.3	0.3	0.4	0.2	0.5	0.6	0.7
OTTAWA	2.1	1.6	1.9	1.6	2.0	1.9	2.3	2.3
HULL	7.7	10.7	7.2	4.5	3.5	3.5	2.8	2.2
QUEBEC	3.0	5.6	5.2	5.2	4.0	3.5	3.0	3.0
REGINA	4.1	2.6	4.9	5.4	8.1	6.0	7.5	5.0
ST. CATHARINES-NIAGARA	1.0	0.5	1.2	1.0	1.1	1.2	0.9	1.0
SAINT JOHN	5.4	4.2	3.8	3.5	4.3	3.9	4.0	3.6
ST. JOHN'S	9.1	10.1	10.8	8.8	7.7	6.5	7.5	6.0
SASKATOON	4.7	4.3	8.6	8.8	10.2	8.0	9.5	7.0
SHERBROOKE	4.8	6.5	6.6	8.6	7.6	8.4	7.9	8.1
SUDBURY	1.1	1.0	1.2	0.3	0.8	1.2	1.5	1.5
THUNDER BAY	3.1	2.1	2.1	1.1	1.4	0.7	0.4	0.9
TORONTO	0.1	0.1	0.2	0.2	0.2	0.2	0.3	0.3
TROIS-RIVIERES	6.1	9.0	6.9	6.2	5.8	5.0	4.5	4.0
VANCOUVER	2.3	1.1	1.0	0.4	0.5	0.3	0.4	0.2
VICTORIA	1.1	0.4	1.0	0.3	0.7	0.4	1.0	0.6
WINDSOR	1.1	0.7	1.1	0.8	1.0	1.4	1.4	1.2
WINNIPEG	2.0	2.8	3.0	4.3	4.6	5.0	4.8	4.4

SOURCE: CMHC. PRIVATELY INITIATED.

EMPLOYMENT (PERCENT CHANGE)

	1984	1985	1986	1987	1988	*1989	*1990
NFLD	1.1	0.0	2.8	2.8	5.5	3.1	3.0
PEI	2.1	4.1	2.0	1.9	3.8	3.2	0.5
NS	5.3	0.0	2.1	2.9	4.6	1.1	0.3
NB	0.4	4.0	3.5	3.7	2.9	1.8	1.6
QUE	3.0	3.0	2.2	3.5	2.8	1.5	0.8
ONT	3.6	3.7	3.5	3.3	3.7	1.8	1.2
MAN	2.6	1.7	2.7	0.8	0.4	1.5	1.1
SASK	0.7	3.0	1.1	0.2	-0.4	-0.3	1.8
ALTA	-0.1	0.8	2.0	0.4	3.5	1.6	1.7
BC	0.4	2.3	3.7	2.5	4.0	4.2	2.9
CAN	2.5	2.8	2.9	2.8	3.2	1.9	1.3

SOURCE : STATISTICS CANADA; CMHC. * FORECAST BY CMHC.

TOTAL NET MIGRATION

	1984	1985	1986	1987	*1988	**1989	**1990
NFLD	-3563	-4979	-4853	-4946	-2066	-2000	-1500
PEI	564	38	-389	616	740	600	200
NS	3645	345	-91	-981	-722	-1700	-2000
NB	766	-1663	-8093	-2630	-962	-400	-600
QUE	-3817	2446	10228	14022	11844	14000	17000
ONT	56138	50985	68543	100444	79138	72000	68200
MAN	2609	286	-999	-1972	-6336	-6500	-5800
SASK	2078	-4151	-5908	-8923	-14771	-14600	-10100
ALTA	-26272	-6811	-17203	-17671	5114	9000	12000
BC	9318	1935	5908	32249	46579	53700	54000
CANADA***	41466	38431	47143	110208	118558	124100	131400

SOURCE: STATISTICS CANADA; CMHC. *ESTIMATE. **FORECAST BY CMHC.

***EXCLUDES YUKON AND NORTHWEST TERRITORIES